

## 1.1 Economic Development Stimulus Policy<sup>1</sup>

### 1.1.1 Purpose

This policy seeks to stimulate economic growth within Upper Hutt by encouraging development that provides employment and GDP growth, as well as by supporting building upgrades to elevate the presentation and structural safety of [commercial/industrial building stock in Upper Hutt premises](#).

It proposes to do this through provision of the following incentives:

1. ~~reduction and remission of rates grant~~;
2. ~~building and resource consent fee waivers grant~~;
- 2-3. ~~earthquake strengthening incentive grant~~;
- 3-4. ~~retrofit and relocation incentive grants~~; and
- 4-5. ~~earthquake strengthening grants relocation and new building incentive grant~~.

It is considered that by providing a stimulus incentive the future flow on benefits will be significant, such as an increased rating base, increased local employment opportunities, increased local expenditure, increased GDP, a wider business offering, and improved local skills. Council also seeks to increase safety, reduce risk, encourage repair and refurbishment of buildings, and limit building vacancies by providing an incentive to encourage the strengthening of earthquake-prone buildings. [The policy acknowledges the importance of the city centre to the economic prosperity of Upper Hutt, and makes particular provision for development which will enhance and activate this part of the city.](#)

### 1.1.2 Upper Hutt City Council - Economic Development Stimulus Incentives

<b>Incentive 1: rates <del>remissions and reduction</del> grant</b>
<p>a. For new developments and building conversions that will not generate an income stream whilst construction is taking place, Council will provide a grant to cover the relevant property rates requirement<sup>i</sup>. The grant would cover rates for the duration of the construction, with a maximum of one year<sup>i</sup>. <del>To be eligible applicants must meet the criteria set by the Rates Remission Policy for Economic Development.</del></p> <p>b. A reduction on rates - for a maximum of <del>one</del> <u>three</u> years following the revaluation of the developed property, for <del>all</del> <u>new</u> developments and conversions that meet the criteria set by the Rates Remission Policy for Economic Development, <del>but are unable to meet the qualifying timeline.</del></p>
<b>Incentive 2: <del>fee waivers</del> building and resource fee grant</b>



<sup>1</sup> Reviewed 21 October 2015, adopted 4 November 2015. Reviewed again during the development of the Long Term Plan 2018 – 2028, and adopted at the Extraordinary Council Meeting 27 June 2018

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- a. Council seeks to create employment by ~~waiving-refunding Council~~ building and resource consent charges on ~~all~~ commercial and/or industrial developments that involve the construction, erection or conversion of any building(s) intended to be used for industrial, commercial or administrative purposes, and expected to create additional new full-time equivalent jobs<sup>iii</sup>
- b. Council will waive building and resource consent charges on ~~all~~ new and/or renovated developments in the ~~city centre~~~~CBD~~ that have a mix of ~~ground floor~~ retail/commercial space ~~with~~~~and~~ high density residential apartments ~~above~~<sup>iv</sup>.

### **Incentive 3: earthquake strengthening incentive grant**

- a. Council will provide a grant of ~~1030~~% of the value of the work, up to a maximum amount of \$~~1520~~,000, towards building strengthening work ~~that results in the building achieving a final seismic strength rating 34% New Building Standard (NBS) or greater~~<sup>vi</sup>.
- ~~a-b.~~ Council will provide a grant of 50% of the value of the work, up to a maximum amount of \$40,000, towards building strengthening work that results in the building achieving a final seismic strength rating 67% NBS or greater<sup>v</sup>.

Applications for this grant will also be entitled to have the related building consent fee waived.

### **Incentive 4: retrofit incentive grant**

Council will provide the following financial incentive for exterior improvements to existing buildings:

- a. **Exterior retail/commercial facade improvements – within the ~~CBD~~city centre.** For exterior storefront improvements (visible from the street or footpath only) with a value over \$~~25~~000, Council will contribute ~~50% of the costs up to~~ \$2,500.

Council will provide one of the following financial incentives (for one year only) to retrofit<sup>vii</sup>-existing buildings:

- b. **Commercial property retrofits - within the ~~CBD~~city centre.** For retrofits with a total cost over \$~~520~~,000 in value, ~~25% of costs to~~ a maximum allocation of \$~~515~~,000.
- ~~e.~~ ~~Commercial property retrofits – within the CBD.~~ For retrofits with a total cost over \$40,000 in value, a maximum allocation of \$10,000.
- ~~d-c.~~ **Commercial property retrofits - within the ~~CBD~~city centre.** For retrofits with a total cost over \$~~7060~~,000 in value, ~~40% of costs to~~ a maximum allocation of \$~~3040~~,000.
- ~~e-d.~~ **Commercial property retrofits (small) - city wide.** For small to medium retrofits with a total cost over \$~~7040~~,000 in value, a maximum allocation of \$10,000.
- ~~f-e.~~ **Commercial property retrofits (medium) - city wide.** For businesses retrofitting an existing site, with a total cost over \$~~470~~,000 in value and, which will employ between 10 and 30 FTE's (with an existing or new tenancy contract signed) - a maximum allocation of \$20,000.
- ~~g-f.~~ **Commercial property retrofits (large) - city wide.** For businesses retrofitting an existing site, which will either employ over 30 FTE's or it is a significant retail store<sup>viii</sup> (with an existing or new tenancy contract signed) - a maximum stimulus allocation of \$50,000.

### **Incentive 5: relocation and new building costs incentive grant**

Council will provide one of the following financial incentives to relocate to a new building<sup>viii</sup>:

- a. Small relocations - Council will contribute \$5,000 or 50% of the total cost (whichever is lessor) towards relocation costs for businesses that are not already located in Upper Hutt ~~or that are~~ expanding in Upper Hutt, to employ between 3 – 10 FTE's (and have signed a tenancy contract).
- b. Medium relocations - Council will contribute \$15,000 or 50% of the total cost (whichever is lessor) towards relocation costs for businesses that are not already located in Upper Hutt, ~~or that are~~ expanding in Upper Hutt, to employ between 10 – 30 FTE's (and have signed a tenancy contract).
- c. Large relocations - Council will contribute \$30,000 or 50% of the total cost (whichever is lessor) towards relocation costs for businesses that are not already located in Upper Hutt, ~~or that are~~ expanding in Upper Hutt, to employ over 30 FTE's (and have signed a tenancy contract) or it is a

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significant retail store<sup>viii</sup>.

Council will provide one of the following financial incentive to construct a new building:

- d. New commercial/industrial building construction. For new commercial/industrial building construction, with a total construction cost over \$750,000 (as evidenced by quotes and corresponding invoices), Council will contribute \$30,000 towards the build. Proof of a signed tenancy/lease agreement with a business employing more than 5 FTE's, such agreement being for a period of not less than two years, that is acceptable to Council, is required prior to Council approval being granted.

- i. ~~Depending on the funds available, this will be discussed with the applicant at the time~~For the purposes of this policy, 'city centre' refers to the operating zone of a business, where its activity is accepted by Council to make sufficient direct positive impact on the CBD as defined in the Upper Hutt City Council District Plan.
- ii. The grant amount will be to the nearest thousand, without exceeding the total general rates owing for the year. Grant amounts will depend on the level of funding left in the stimulus fund. ~~Grants will be paid via two instalments (the first half upon lodging the building consent application and the remaining half upon completion of the build, or the year's end, whichever is sooner).~~
- iii. Applications for ~~fee waivers~~building and consent fee grants will be considered on a case by case basis, to ensure that the level of employment created by the development justifies the incentive.
- ~~iv. As identified within the UHCC District Plan.~~
- ~~v.iv.~~ While the focus of this incentive is to encourage mixed use within the CBDcity centre, Council will also consider applications for mixed use outside of the city centreCBD on a case by case basis.
- ~~vi.v.~~ In order to be eligible the building must be listed on Upper Hutt City Council's 'Register of earthquake prone buildings' and be located within the Upper Hutt city centreCBD. Applications for buildings not within the city centreCBD will be considered on a case by case basis, at the discretion of Council. NBS refers to 'New Building Standard'.
- ~~vii.vi.~~ Retrofitting: refers to the addition of fixed attributes, assets, or features to older systems. I.e. to install, fit, replace, adapt, or modify an existing building, shop, equipment, device or system with updated parts or systems.
- vii. Significant retail stores include those that have the ability to retain local expenditure by filling a perceived void in the marketplace and/or by increasing visitor expenditure by being a destination in itself.
- viii. For relocations within Upper Hutt, factors will be considered as follows:
  - a. Whether a business is expanding, integrating or consolidating;
  - b. Whether it will add to a retail sector or a particular section of the city centre; or
  - c. Whether it will add to the dynamism of the city centre.

### 1.1.3 Additional incentives

There are some applications that can also apply to the Rates Remission Policy for Economic Development. Whilst the Rates Remission Policy has a set criteria, Council will consider all applications on a case by case basis.

### 1.1.4 Our goal

Council is committed to operating in a business friendly manner and being open to support any opportunity that will increase employment growth. As a Council we are committed to breaking down the perceived barriers, and being solution-focused for all those who choose to build here.

Our promise is to:

- use the legislative processing timelines as guidelines only and always try to improve on these;

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- keep the customer informed in an efficient and responsive manner, whilst providing consistent, reliable high quality customer contact, regardless of the communication channel; and
- provide a 'can do' culture across all divisions of Council.

Council will also support local business development via business liaison and information and will seek to attract new businesses whilst promoting the assets of Upper Hutt.

### 1.1.5 Criteria

This policy applies to commercial/industrial and/or residential property development that involves the construction, erection or conversion of any building or buildings, fixed plant and machinery, or other works intended to be used for industrial, retail, commercial, mixed or administrative purposes. ~~Specific e~~Eligibility specifications have been included under each incentive, where applicable.

Consideration of emerging opportunities that do not fall within the remit of this policy will be considered by Council on a case by case basis, having regard to the purpose of this policy, and such matters as the direct or indirect impact on the attractiveness and/or vibrancy of the CBD, and/or the direct or indirect number of jobs created or retained in Upper Hutt.

Council reserves the right to decline an application based on what it offers to the community and/or degree of consistency with relevant Council plans, policies or strategies.

Council seeks to add a diverse range of specialty retail stores to the city centre with products that are likely to attract additional retail patronage to the CBD. Council also seeks to positively influence the retail/commercial quality in Upper Hutt.

Retail stores that do not enhance the diversity, vibrancy and/or quality of the total retail mix within the CBD will not be viewed favourably and Council reserves the right to decline such applications at its discretion.

### 1.1.6 Process

- a. Potential applicants are encouraged to verbally discuss any proposed applications with Council's Economic Development Manager, prior to lodging a formal application.
- b. Once Council feedback is gained, as to the viability of meeting the criteria, applications must be made in writing.
- c. ~~Rates relief, fee waivers and g~~Grants are allocated from a contestable fund and the amount of relief given will be at the discretion of Council in every case.
- d. Decisions on stimulus applications (including specifying any conditions) will be delegated to a committee ~~made up of~~including the Mayor, the Chair of the Policy Committee, and the Chief Executive. The exception to this delegation is with applications over \$95,000 in any one ~~financial~~ year.
- e. A Council resolution is required before any form of relief can be granted for ~~individual~~ applications proposing to receive \$95,000 and over ~~in any one financial year~~.
- f. All appeals are required to go through a Policy Committee Meeting.

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### 1.1.7 Conditions

- a. In granting [remissions funds](#) under this policy, Council may, at its discretion, specify certain conditions. Applicants will be required to agree in writing to these conditions and to pay any remitted charges if the conditions are violated.
- b. Should construction of a development not commence within one year of being granted building consent, the remission of charges and fees provided under this policy shall no longer apply. At that stage, all fees and charges will be fully payable for the development as per usual.
- c. Earthquake strengthening, retrofit and relocation incentive payments will be paid upon completion of the works and/or following staff movement, respectively.
- d. Should an application not be approved ~~for remission~~, the applicant will be liable for resource and building consent charges as per usual.
- e. Fee waivers and grant amounts will only be paid on presentation of quotes and corresponding invoices.
- f. All applications (excluding fee waiver and rates remission applications) must be accompanied by formal quotes before Council approval can be granted.
- g. Should an application be approved and the associated works DO NOT commence within six months of the approval date, then the Council approval will expire and the funding will be made available for other applications. Should the same application be presented to Council for approval again (and it is approved) it will be subject to a two month period before it expires. An applicant will not be permitted to reapply with the same application three times in a row.
- h. No applications will be backdated and grants/fee waivers will only be allocated to the specific property/lot being developed.
- i. Fee waivers and grants are allocated from a contestable fund and the amount of relief given will be on a first come first served basis until the fund has run out. All payments will be at the discretion of Council in every case. Developments that have received significant other contributions from Council would not be eligible.
- i.j. [Grant recipients will provide the Council with specific business information, if requested, to assist the Council in assessing the impact of the Economic Development Stimulus Policy. This information may be requested for up to five years from receipt of the grant, and will relate to the ongoing contribution of the business to the Upper Hutt economy, relating to capital investment and employment contribution to the city.](#)