

## Overview

A prosperous community and good quality of life are underpinned by a strong economy. A strong economy is one of the components of sustainable development. It enables people and communities to provide for their social, economic and cultural wellbeing.

Business investment decisions are based on many factors, many of which are beyond the direct influence of Council. One factor that we as a community can influence is the business environment within Upper Hutt. A business friendly City is important for our future prosperity. We want to create more local employment, and encourage a wider range of businesses to the city. This will help create a sustainable future.

Just over half the working population work locally. About quarter of our residents work in Lower Hutt, and a further quarter work in Wellington City. Any initiatives that foster the creation of more local employment not only provide growth and prosperity for Upper Hutt, but also place less demand on transport infrastructure and reduced commuting costs assist in the reduction of greenhouse gas emissions.

Regional economic prosperity is vitally important. What affects the region's economy will affect Upper Hutt, and that is one of the key reasons why Council has taken an active part in the preparation of the Wellington Regional Strategy. The Regional Strategy is intended to outline a path for achieving sustainable economic growth by creating an internationally competitive region.

## Business Development in Upper Hutt

### Existing Industrial Precincts

From the late 19<sup>th</sup> Century through to the 20<sup>th</sup> Century industrial centres established in locations as a response to the growth phases of the City. The map on page 19 shows these major business areas. Pockets of industrial precincts can be found around Whakatiki Street, Montgomery Crescent, Lane Street, Nicolaus Street, Park Street and Goodshed Road, and at Maymorn. The legacy of some remains – the name of Refreshment Lane remains where Schweppes once operated a major soft drink bottling operation.

These centres have been very successful in providing small scale industrial premises serving the local and regional economy, and these areas will continue to play an important role. A Council survey in late 2005 showed that these areas are virtually fully occupied and developed. It is now timely to find new areas where business development can grow.

Many of these areas are close to residential areas, and generally this has worked well. However, there are occasional complaints, more commonly about noise or emissions to air and water. It is important to continue to manage the environmental effects of these business activities for the future.

### Central Government

Central Government has been a major investor in employment within Upper Hutt over the years, notably in the Trentham and Wallaceville areas.

### Defence

The Trentham Army Camp was established early in the 20<sup>th</sup> Century, with many of those serving in the First World War passing through this camp on their way overseas. The Army presence was strong during World War

2, with a further camp being based in the Mangaroa Valley. More recently, Trentham has become the base for the Joint Headquarters of the NZ Defence Force and the Logistics Centre. Further consolidation of Defence activities has been announced, with the leasing of buildings on the opposite side of Alexander Road, in Alexander Park.

### **Corrections**

The Rimutaka Prison, formerly Witako Prison, is located unobtrusively in one corner of the valley. The prison has recently been expanded in response to a nationwide shortage of prison beds. As new prisons elsewhere in the country are opened over the next two years, we expect this institution to stabilise in size.

### **NZIC [Former CIT Site]**

The site of the former Central Institute of Technology is currently a private university known as New Zealand International Campus. The Ministry of Education owns this site and the lease of NZIC has recently been terminated. Therefore the precise nature of future activities on the site remains uncertain.

### **AgResearch Wallaceville**

The Wallaceville Animal Research Centre was established just over 100 years ago as the first veterinary research institution in the southern hemisphere. Now known as AgResearch Wallaceville, it is a world renowned research facility and over the years its work has led to significant improvements in the health of the country's animals and the rural economy. Most of this institution will be relocated to existing facilities at Palmerston North and Invermay, Mosgiel but a very significant function will be retained on site. The new National Centre for Biosecurity and Infectious Disease has been developed on a 4-hectare corner of the site. The balance of the site, some 62-hectares of land, is expected to become available for redevelopment.

### **Former Large Scale International Manufacturing Sites**

In the 1950s, two large scale manufacturing plants established in Upper Hutt, - the General Motors car assembly plant at Alexander Road and the Dunlop Tyre Factory [now South Pacific Tyres] at Blenheim Street. In their heyday, these factories provided significant local employment.

#### **Alexander Park**

The car assembly plant closed some time ago, and the premises were used until 2005 for checking imported cars prior to sale in New Zealand.

Known now as Alexander Park, the car factory site and adjoining grassed area is currently being subdivided into over 100 industrial lots. A range of lot sizes are proposed. This area represents the last substantial area of land zoned for business but not yet fully developed. Already, businesses are entering into contracts in anticipation of the subdivision being finalised.

#### **South Pacific Tyres**

The tyre manufacturing operation ceased at the end of 2006. Global competition from developing countries means that there is little likelihood of this type of manufacturing activity being attracted back to Upper Hutt, at least not in the short term.

Council's current understanding is that South Pacific Tyres will continue to run their national distribution operation from Blenheim Street.

Part of the South Pacific Tyre Factory at Blenheim Street will be available for redevelopment from 2007. The site is about 20 hectares in total size, of which about half is flat land, and the other half tree-clad hillside extending towards Wallaceville Hill Road.

## Upper Hutt's Business Strengths

Upper Hutt is well placed to retain and grow its existing industrial and commercial economy:-

- **We're handy** – with easy access to rail, SH 2, SH 1, port, and airport.
- **We've got room to move** – we have large areas of flat land that can be rezoned and land values in Upper Hutt are competitive. The Wellington Regional Strategy identifies two large greenfield sites of regional significance at AgResearch – Wallaceville and at St Patrick's College – Silverstream.
- **We've got the people** – we have a ready workforce.

The annual 'Bayleys Industrial Property Research Report 2006' outlines Upper Hutt's strengths to attract industrial and business development as follows:-

*"Industrial users are being squeezed out of central city suburbs such as Te Aro and Miramar by higher value competing uses, and there are record low vacancy levels in many of the region's other established industrial precincts which are also experiencing increasing rental, capital and land values. This is resulting in developers and industrial occupiers being forced to seek alternative locations in order to obtain the land and premises they require at financially viable prices.*

*.....The City of Upper Hutt or the Kapiti Coast appear the logical destinations for industrial users. Both are similar distances north of Wellington, offering direct access to the motorway network and have direct rail links to the city.*

*The city of Upper Hutt holds a number of advantages for industrial users given its location, existing infrastructure, economic base, supply of available industrial land and the*

*prospect of further improvements to the regional road network which would improve links to State Highway One.*

*Upper Hutt is located 29 kilometres from central Wellington, with the capital's commercial port therefore only approximately half an hour by road with the airport a further 15 minutes' drive. The city is also well served by rail with an established freight service already in place to and from central Wellington. The road infrastructure is set to benefit from proposals for Transmission Gully. Construction of the new route will make access to and from Upper Hutt easier with closer connections to State Highway one. There are also proposals for an interchange between State Highways 2 and 58.*

*The latest provisional census figures released by Statistics New Zealand show Upper Hutt to have reversed the trend of a declining population, evident through the 90's, over the last five years....*

*The local economy is performing particularly well with the council reporting annual economic growth of 7%. The city is already home to national and international companies such as Serco project Engineers which has experienced a threefold increase in its workforce since establishment in 1998. Wedgelock, a local company, has become a major supplier to the civil earthworks, general contracting and forestry industries both nationally and overseas. The company was formed in 1994 and is currently undergoing rapid expansion. EDS, New Zealand's largest IT employer, has a strong presence in Upper Hutt and one which is set to increase substantially as the company has recently won a major contract to supply cheque processing services to a major banking organisation.*

*The city's growing industrial base is to receive further impetus in the near future with the release of 15 hectares of industrially zoned land at Alexander Road, approximately 2 kms from the city centre. The property adjoins the ex General Motors*

*assembly site. The owner has obtained council consent to subdivide the land holdings which will result in approximately 45 lots, ranging in size from 1,500m<sup>2</sup> to 8,000m<sup>2</sup>, being brought to the market. Access roads are to be built to industrial specification which accommodate 'B' trains making the location attractive to storage and distribution companies. While pricing levels have not been set, the land is likely to sell in a range \$120 - \$160 per square metre.*

*The site's proximity to the city centre is likely to prove popular with staff as many competing industrial locations are far more remote from facilities such as cafes and shops. The area is also set to benefit from development of an adjacent 65 hectare greenfield site which the council anticipates will provide a mix of residential and commercial uses which will strengthen the appeal of the area as an environment to live and work in...."*

### **Potential Threats**

Potential threats to existing and new business development in the City have been identified:-

#### **Pressure for New Housing in Zoned Business Land**

The market for housing in Upper Hutt is strong, and there is a very limited supply of flat, serviced, accessible and undeveloped land within the main valley.

Until recently, vacant land could readily be found within many of the city's industrial precincts. In order to encourage investment in the city, a number of housing developments were permitted in business zones, most notably retirement village housing. For example, land in the vicinity of Montgomery Crescent and John Street was developed for such housing.

Once these sites are developed for other purposes, like housing development which is unrelated to business, opportunities for business development at some time in the future are lost. Furthermore, those

already legitimately operating their businesses in the area may feel compromised by 'reverse sensitivity' issues, including new residents complaining about the normal noises associated with operating a business.

It is therefore important to protect the land already zoned for employment generating activities for business development so that the City may grow and diversify its economic base.

#### **Unlimited Retailing in Industry Areas**

Council is committed to fostering the development of the Upper Hutt City Centre as the premier retail and business services centre for the City.

The existing opportunity to establish retailing activities of any scale throughout the Business Industrial Zone represents a potential threat to the commercial viability of the city centre, as well as reducing the supply of land for industry. In particular, large format retailing, often referred to as 'Big Box' retailing, requires large areas of flat serviced land such as that found in the Business Industrial zone.

Council's view is that large format retailing should be positioned to complement rather than compete with the city centre, and accordingly, it is looking to reduce the potential to establish retailing-oriented activities in the Business Industrial zone.

#### **Ensuring Environmental Standards Set are Appropriate**

Generally, Upper Hutt has quite business friendly provisions in its District Plan, placing minimal restrictions on the type and range of business activity that may occur. However, to maintain a competitive edge, the technology used and types of buildings required for business may change, together with their associated effects on the environment. One example of this is building height, where taller buildings are in demand, for example for distribution industries. These allow for a better return on investment, and potentially offer much greater flexibility in accommodating changing uses over time.

**Strategy: Business Development**

There are five key themes to the business development strategy:

1. Ensure land already zoned for Business Industrial purposes is developed for business.
2. Focus Retail Development on the City Centre
3. Retain most of the existing development standards for general industrial development.
4. Identify and provide for new areas of business activity.
5. Facilitate development of identified areas of 'Development Opportunity'.

**1. Keep the Business Industrial Zone for Business**

Council proposes to strengthen the District Plan to ensure that the Business Industrial and Business Commercial zones are developed for employment and improving the city's economic base.

It is proposed to change the current discretionary status of housing in the Business Industrial zone, to ensure that housing is ancillary to any business activity on site.

Any housing will also be required to meet higher design standards, as for the city centre, to ensure that residents are not unduly affected by the business activities around them.

Within the proposed new Business CBD zone, the focus will be on ensuring that those industries currently operating are able to continue with confidence, with any new developments being integrated into the existing urban fabric.

**2. Focus Retail Development on the City Centre**

Council proposes to focus the development of retailing activities on the city centre and key suburban shopping centres by reducing the potential to establish general retailing activities in the Business Industrial zone.

Within the Business Industrial zone, it is proposed that the scope of retail activities be limited to areas such as garden centres; local food outlets; timber and building supplies, and other industry related showrooms and retail activities. This would enable those involved in manufacturing industries to diversify their incomes by having retail outlets, but without the risk of undermining the viability of the core commercial retailing centres.

### 3. Keep Environmental Standards Relevant

Council will review the development standards in the Business Industrial and Business CBD zones, to ensure that they remain relevant to the needs of, and effects created by, businesses of the 21<sup>st</sup> Century. This will include a review of standards for height control and car parking.

### 4. Identify New Areas for Business

Council will identify and provide for new areas for business development at Wallaceville and Silverstream.

Council proposes to clearly identify the undeveloped balance of the site at St Patricks College Silverstream as a new Business Development zone. About 30 hectares of this land is potentially available for development. Currently, this land is zoned as Special Activities [St Patricks] and it is not immediately apparent what use is proposed for the area. Retailing activities that are ancillary to any business activity will also be included in this new zone.

Two new areas for business investment are proposed for the AgResearch Wallaceville site. The first area will adjoin the new National Centre for Biosecurity and Infectious Diseases. It is proposed as a High Tech Business Park of approximately 9 hectares.

The second area at Wallaceville is along Alexander Road, opposite Alexander Park. It is proposed as a Business Park for light industry and warehousing type activities.

### 5. Facilitate Business Development Opportunities

Council prides itself on providing a business friendly service.

Council will continue to work with the business sector to identify and support initiatives to foster economic growth. This includes ensuring the

needs of existing businesses are addressed, as well as facilitating opportunities in the three 'development opportunity' areas.

The following pages provide more detail about three key development opportunities identified at the following sites:

- AgResearch Wallaceville
- St Patrick's Silverstream
- South Pacific Tyres

### Implementation Summary

ACTION	AGENCY	PRIORITY
Increase District Plan design standards for housing in business zones	UHCC	Low
Change the District Plan to make housing in Business zones ancillary to the business activity only	UHCC	Low
Review of District Plan development standards for both Business sub-zones	UHCC	Medium
Identification of new business areas at Wallaceville and Silverstream	UHCC	High
Limit retail development in the Business Industrial sub-zone	UHCC	Critical
Retain existing areas of business zoning for business purposes	UHCC	Ongoing
Focus retail development on the CBD and suburban centres	UHCC	Ongoing