

# 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 economic benefit to the city, as well as by supporting building upgrades to elevate the presentation and structural safety of commercial/industrial building stock in Upper Hutt.

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

1. rates grant;
2. building and resource consent fee grant;
3. earthquake strengthening incentive grant;
4. retrofit incentive grant; and
5. 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 and visitor expenditure, increased economic benefit to the community, 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<sup>i</sup> 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 grant</b>
<p>a. For new developments and building conversions that will not generate an income stream whilst construction is taking place, Council may 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>ii</sup>.</p> <p>b. A reduction on rates - for a maximum of one year following the revaluation of the developed property, for new developments and conversions that meet the criteria set by the Rates Remission Policy for Economic Development, but are unable to meet the qualifying timeline.</p>
<b>Incentive 2: building and resource fee grant</b>
<p>a. Council seeks to create employment by refunding the Council portion of building and resource</p>

<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. Reviewed with the Annual Plan 2019 - 2020, and adopted at the Additional Council Meeting 26 June 2019.

consent charges on 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 may refund the Council portion of building and resource consent charges on new and/or renovated developments in the city centre that have a mix of commercial space and/or ground floor retail with high density residential apartments above<sup>iv</sup>.

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

- a. Council may provide a grant of up to 30% of the value of the work, up to a maximum amount of \$20,000, towards building strengthening work that results in the building achieving a final seismic strength rating 34% New Building Standard (NBS) or greater<sup>v</sup>.
- b. Council may provide a grant of up to 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% New Building Standard (NBS) or greater<sup>v</sup>.

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

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

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

- a. **Exterior retail/commercial facade improvements – within the city centre.** For exterior storefront improvements (visible from the street or footpath only) with a value over \$2000, Council may contribute up to 50% of the costs up to \$2,500.

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

- b. **Commercial property retrofits - within the city centre.** For retrofits with a total cost over \$5,000 in value, up to 25% of costs to an allocation of up to \$15,000.
- c. **Commercial property retrofits - within the city centre.** For retrofits with a total cost over \$60,000 in value, up to 40% of costs to an allocation of up to \$40,000.
- d. **Commercial property retrofits (small) - city wide.** For small to medium retrofits with a total cost over \$40,000 in value which will employ 3 or more FTE's, an allocation of up to \$10,000.
- e. **Commercial property retrofits (medium) - city wide.** For businesses retrofitting an existing site, with a total cost over \$40,000 in value and, which will employ between 10 and 30 FTE's (with an existing or new tenancy contract signed) - an allocation of up to \$20,000.
- 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>vii</sup> (with an existing or new tenancy contract signed) – an allocation of up to \$50,000.

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

Council may provide one of the following financial incentives to relocate a new or expanding business in Upper Hutt<sup>viii</sup>:

- a. Small relocations - Council may contribute \$5,000 or 50% of the total cost (whichever is lesser) 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 may contribute \$15,000 or 50% of the total cost (whichever is lesser) 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 may contribute \$30,000 or 50% of the total cost (whichever is lesser) 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 significant retail store<sup>vii</sup>.

Council may provide 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 may 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. 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 hundred, without exceeding the total general rates owing for the year. Grant amounts will depend on the level of funding left in the stimulus fund.
- iii. Applications for 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. While the focus of this incentive is to encourage mixed use within the city centre, Council may also consider applications for mixed use outside of the city centre on a case by case basis.
- 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 centre. Applications for buildings not within the city centre will be considered on a case by case basis, at the discretion of Council. NBS refers to 'New Building Standard'.
- 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 the panel considers it will add to a retail sector or a particular section of the city centre; or
  - c. Whether the panel considers 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;
- 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. 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. 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 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 applicants proposing to receive \$95,000 and over in any one financial year.
- f. All appeals are required to go through a Policy Committee Meeting.

### **1.1.7 Conditions**

- a. In granting 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, the applicant will be liable for resource and building consent charges as per usual.
- e. Grant amounts will only be paid on presentation of quotes and corresponding invoices.
- f. All applications (excluding consent fee and rates grant 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 twelve months of the approval date, then the Council approval will expire and the funding may 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 will only be allocated to the specific property/lot being developed.
- i. 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.
- 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.