

RATES REMISSION & GRANTS FOR ECONOMIC DEVELOPMENT

Revision Jan 2017

OBJECTIVES OF THE POLICY

To promote employment and economic development within the city of Lower Hutt by offering rates remission and economic development grants to:

- Encourage new businesses to become established in or relocate to the city; or
- Encourage existing businesses in the city to expand and grow.

This policy is one of a number of initiatives for businesses that Council has in place to assist in achieving the outcomes in its Economic Development Plan 2015-2020.

RATES REMISSION FOR ECONOMIC DEVELOPMENT

CONDITIONS AND CRITERIA

This part of the policy applies to commercial and/or industrial developments that involve the construction, erection or alteration of any building or buildings, or other works intended to be used for industrial, commercial or administrative purposes. Residential developments will not qualify for remission under this part of the Policy.

In order for an application for rates remission for economic development to be considered, applicants must meet all the criteria in either Part A (1) or Part A (2).

Each application made under Part 5 of the Rates Remission Policy – Economic Development will be considered on a case-by-case basis. Satisfaction of the criteria outlined in this Policy does not guarantee a remission of rates. The final decision to grant a remission of rates will be at Council's sole discretion.

Part A

1. General Criteria

- The development must be of strategic importance for the future economic development of the city. This may be demonstrated by the scale, type or nature of the development.
- The development will create new employment opportunities. Generally a development targeted at a new business to the city would be expected to immediately create at least 50 new full-time-equivalent jobs to Lower Hutt. Developments that target an existing business would be expected to immediately increase its full-time equivalent staff numbers by:
 - Over 50% of existing full-time equivalent jobs; or
 - At least 50 new full-time equivalent jobs, whichever is the lesser.
- The development is unlikely to be in competition with existing businesses. Generally the applicant will be required to demonstrate that the development will create little or no competition with existing

businesses, or that there is unfulfilled demand in the market for the type of business that will be targeted.

- The development will bring a significant amount of new capital investment into the city. The amount of new investment should be not less than \$2,500,000 unless the business falls within the category identified in 2 below. Consideration will be given to the extent that the new development would increase the rating base.

2. Criteria regarding innovative or rare types of business for Lower Hutt using advanced science and/or advanced technology

Developments that attract new or grow existing innovative or rare types of business for Lower Hutt using advanced science and/or advanced technology are likely to be more favourably considered for remission. Where this type of business does not initially meet the criteria for employment creation or new capital investment as outlined above:

- The development must be of strategic importance for the future economic development of the city. This will be demonstrated by the advanced science and/or advanced technology nature of the development.
- The development is unlikely to be in competition with existing businesses. Generally the applicant will be required to demonstrate that the development will create little or no competition with existing businesses, or that there is unfulfilled demand in the market for the type of business that will be targeted.
- The applicant must demonstrate -Through recognized research and development programmes; and/or through ownership or access to recognized intellectual property rights, that it has a realistic future potential to meet the criteria for employment creation and new capital investment as outlined above, within 3 years.

To further assist in considering applications for remission under this part of the policy Council will also have regard to the extent applications meet all or some of the additional guidelines outlined in Part B.

Part B – Additional Guidelines

These additional guidelines have been developed to assist in assessing the suitability of an application for rates remission and in determining at what level, if any, rates remission should be set. Only when an application has been shown to meet the mandatory criteria outlined in Part A (1) or Part A (2) will the additional guidelines in Part B be applied (as applicable).

- The development attracts businesses that demonstrate a long-term commitment to remain and operate in the city. Property ownership or a long-term lease of property may be accepted as a proof of commitment.
- The development protects or retains cultural aspects of the city, e.g. maintains and protects a heritage building.
- The development adds new and/or visually attractive infrastructure/ buildings to the city.
- The development has minimal impact on the environment in terms of air, water or soil.
- It is likely that any remission granted would provide encouragement or impetus to proceed with the development.

GRANTS FOR ECONOMIC DEVELOPMENT

CONDITIONS AND CRITERIA

This part of the policy applies to the establishment or relocation of commercial and/or industrial businesses new to Lower Hutt and the expansion of existing commercial and/or industrial businesses in Lower Hutt that does not involve the construction, erection or major alteration of any building or buildings intended to be used for industrial, commercial or administrative purposes.

Residential activity will not qualify for grants under this part of the Policy.

In order for an application for economic development grants to be considered, applicants must meet all the criteria in Part A (3).

Each application will be considered on a case-by-case basis. Satisfaction of the criteria outlined in Part A (3) of this Policy does not guarantee an economic development grant. The final decision to approve an economic development grant will be at Council's sole discretion.

Part A

3. General Criteria

- The business must be of strategic importance for the future economic development of the city. This may be demonstrated by the scale, type or nature of the business.
- The business will create new employment opportunities. Generally a new business to the city would be expected to immediately create at least 50 new full-time-equivalent jobs in Lower Hutt. Existing business would be expected to immediately increase its full-time equivalent staff numbers by at least 50 new full-time equivalent jobs,
- The business is unlikely to be in direct competition with existing businesses. Generally the applicant will be required to demonstrate that the business will create little or no competition with existing businesses.
- The business demonstrates a long-term commitment to remain and operate in the city. Property ownership or a long-term lease of property (minimum of 6 years) may be accepted as a proof of commitment.

To further assist in considering applications for economic development grants under this part of the policy Council will also have regard to the extent applications meet all or some of the additional guidelines outlined in Part B.

Part B – Additional Guidelines

These additional guidelines have been developed to assist in assessing the suitability of an application for an economic development grant and in determining at what level, if any, an economic development grant should be set. Only when an application has been shown to meet the mandatory criteria outlined in Part A (3) will the additional guidelines in Part B be applied (as applicable).

- The extent that the new or expanded business would increase economic activity in the city
- The business has minimal impact on the environment in terms of air, water or soil.
- It is likely that any grant provided would encourage the business to proceed with the establishment, relocation or expansion in the city.

APPLICATION PROCESS

Applications must be made in writing and received allowing sufficient time to be considered prior to the commencement of construction or relocation or expansion of the business. Commencement of construction will be deemed to have occurred when the activity for which a building consent has been issued is substantially underway and progressing. Establishment, relocation or expansion of the business will be deemed to have occurred once occupancy of the business personnel has occurred.

For the purposes of this policy a development is any project or group of projects requiring one or more building consents that, as a body of work, occurs within a similar timeframe, and that stands alone as a complete activity in and of itself.

This policy does not exclude the potential for more than one development to occur on the same site.

Applications must be supported by:

- A description of the development or business
- A plan of the development or business premises (where possible)
- An estimate of costs of the development (for rates remission applications only)
- An indication of the businesses that will be attracted by the development
- An estimate of the likely number and type of jobs created by the development or business.
- Evidence that the jobs (positions) created are new to Lower Hutt.
- An environmental impact report (if applicable)
- Evidence of ownership or access to intellectual property rights (if applicable)
- Evidence of future commercial potential of use of that intellectual property (if applicable).

Where the applicant is not the owner or the ratepayer of the property, the applicant must provide written proof of support from the property owner. If the applicant is a lessee then the lease expiry date should be stated, as well as any rights of renewal etc.

In considering applications Council may seek independent verification of any information provided on an application.

Each application will be considered on a case-by-case basis. Satisfaction of the criteria outlined in Part A (1), Part A (2) or Part A (3) does not guarantee a remission of rates or economic development grant. The final decision to approve a remission of rates or an economic development grant will be at Council's sole discretion.

Remissions of rates approved will generally be not less than 50%, and may be up to a maximum of 100% of the rates levied by Hutt City Council on the capital value of the new investment only, and for up to a maximum remission period of three years. Rates to be paid to Greater Wellington Regional Council cannot be remitted under this policy.

Economic development grants approved will generally be not less than 50%, and may be up to a maximum of 100% of the equivalent value of the rates levied by Hutt City Council on the capital value of the premises occupied by the business and for up to a maximum remission period of three years.

In approving rates remissions or economic development grants under this policy Council may in its discretion specify certain conditions before the rates remission or economic development grant will be granted having regard to the criteria and the application process in this policy. Applicants will be required to agree in writing to these conditions and to pay any remitted rates or economic development grants provided if the conditions are violated.

DELEGATIONS

Applications for remission of rates and economic development grants for economic development will be decided by the Mayor, Chair of the City Development Committee and Chief Executive, including specifying any conditions.

APPEAL

Applicants may appeal against:

- a decision to decline a remission of rates or not approve a full remission of rates; or not approve an economic development grant;
- conditions imposed when a remission of rates or economic development grant has been approved.

Appeals will be heard by the Finance and Performance Committee of Council.

EXCLUSIONS

This policy shall not apply to Council developments.