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Dear Steven

USING LAND FOR HOUSING – ISSUES PAPER

Thank you for the opportunity to comment on the Productivity Commission's Issues Paper – Using Land for Housing. Our submission is in two parts – first we address questions 4,7 and 59 and second we outline our Council's approach to encouraging residential and other development in the city.

Introduction

Council recognises the key role of suitable housing in current and future social and economic wellbeing in a local, regional and national context. While Hutt City is not projected to experience significant growth in the period to 2031 the city's housing needs will change as the population becomes older, the ethnic profile changes, and as a consequence the number smaller households increases. In 2013 Council agreed a twenty year urban growth strategy which seeks to exploit opportunities for both intensification and greenfield development in order to provide the range of homes required in the city.

Q4 - Would a significantly increased supply of development capacity lead to an increased supply of affordable housing, or would further regulatory or other interventions be required to achieve that outcome? Touches on Q7 as well.

It is not necessarily the case that increased supply of development capacity will lead to an increase in the supply of affordable housing and it is likely that further intervention would be required to achieve this outcome.

The housing market has difficulty delivering affordable homes without intervention. Generally households that spend more than 30% of their disposable income on housing costs are considered to be experiencing housing stress.[1] Although a sustained increase in supply – if it happens – should lead to lower prices, achieving longer-term increases in supply is an enduring problem and the subject of extensive debate and study in many countries e.g. New Zealand, UK, Australia, so there's a problem in simply focussing on overall supply and depending on this to increase affordable homes. International experiences and studies

[1] 2010 The Social Report, (Ministry of Social Development, 2010)

illustrate that we have been talking about increasing supply for a long time whilst prices for the most part have continued to increase and outstrip income growth. As well as focussing on increasing supply other countries have, with varying success, developed mechanisms to increase the provision of affordable housing.

'The private housing market responds to expressed demand and therefore is unlikely to respond to the less profitable end of the market, if higher and less risky returns can be found elsewhere. Ultimately, the market allocation mechanism, ability to pay, filters the best located accommodation to those able to pay the highest price and the worst, least accessible dwellings to those least able to pay.' [2]

In its assessment of affordability in the Wellington region, the Ministry of Business Innovation and Employment (MBIE) found that each of the five areas that make up the Wellington metropolitan area were experiencing significant housing supply and affordability issues. Wellington city needs between 750 and 1100 dwellings per year – but has been giving consent for an average of 560 dwellings over the last five years. However, areas such as Porirua and Kapiti currently average above the level of supply needed to meet high projections for their districts and Upper Hutt and Hutt City average between medium and high levels, but still these areas are assessed as experiencing significant affordability issues.[3]

Studies in Australia and countries in the UK identify that a broad policy approach is required, that is a package of supply side measures – both incentives and ability to sanction – around funding, access to land, and providing infrastructure. An international review of land supply and planning for the Joseph Rowntree Foundation in 2013 unsurprisingly found that *'there is no new 'magic bullet'* and that many of the mechanisms identified elsewhere already exist in some form or other in England.[4] This study also compared supply elasticity across numerous countries. In terms of the extent to which market supply responds to prices, supply elasticity, New Zealand is greater than in the UK, Australia, and the Republic of Ireland.[5]

Market interventions are required to deliver more affordable homes. Mechanisms such as:

- Land trusts and housing cooperatives which help to reduce the costs of housing and keep it affordable in the future. As land is the biggest cost in a development these mechanisms help with this element. This can be coupled with policies to release public land at lower cost or via long-term leasing of public land.
- Community Housing Providers (CHP) which can deliver both affordable properties for renting and owning – this means investing properly into the not-for profit sector. The government started this process during the last parliamentary session but still there is little indication of the investment required. The New Zealand CHP sector is small and mostly lacks the ability to borrow and invest. Although housing associations in UK have

[2] Vivienne Milligan, Nicole Gurran, Julie Lawson, Peter Phibbs and Rhonda Phillips, Innovation in affordable housing in Australia: Bringing policy and practice for not-for-profit housing organisations together, p.22. (Australian Housing and Urban Research Institute, June 2009)
[3] Officer of the Minister of Housing, Cabinet Economic Growth and Infrastructure Committee. (EGI Min (13) 27/3; Reference EGI (13) 236
[4] Sarah Monk, Christine Whitehead, Connie Tang and Gemma Burgess, International Review of Land Supply and Planning Systems, (Joseph Rowntree Foundation, March 2013)
[5] Ibid., p.22. Table 3.

a long history, more recently large associations were created in the 1990s through the transfer of stock from local authorities not through trying to sell local authority stock at some kind of paper market value.

- Including a proportion of affordable housing in developments etc. UK, Australia, as well as New Zealand. Planning caveats for providing affordable homes and keeping them affordable.
- Increasing land supplied at lower prices e.g. publicly held land and/or; long-term leasing of public land. For example, *'Australian Government policy for the disposal of surplus government land may deliver new opportunities for affordable housing developers, while also boosting housing supply and affordability more broadly (Department of Finance and Regulation 2009). The policy enables special provisions for the release of surplus Commonwealth land identified by the Department of Families, Housing, Community Services and Indigenous Affairs as suitable for increasing housing supply, improved amenity and jobs. For instance, the land may be sold directly to a state or local government to optimise housing or community outcomes, or to a Commonwealth funded organisation. Concessional sales (below market value) are able to be made under the policy.'* [6]

  Discounted land is also an incentive used in the UK, Austria, France, and the Netherlands. [7]
- Tax incentives – in France, where housing is a right, the provision of conditional tax incentives have helped deliver affordable homes. Developers put together a housing package that is within government guidelines. Investors receive tax incentives for buying into the development and developers also receive tax breaks. A similar situation is also working in the USA through the low income housing tax credits system. Conditions should include quality and technical design as there have reportedly been issues around these aspects in France. Tax incentives are usually part of a package rather than stand-alone measures. [8] [9] [10] [11]

Incentives also include:

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[6] op.cit., V.Milligan et. al., Innovation in affordable housing in Australia: Bringing policy and practice for not-for-profit housing organisations together, p.22. (Australian Housing and Urban Research Institute, June 2009)

[7] Ibid., p.28.

[8] The Cambridge Centre for Housing and Planning Research, http://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2014/Promoting-policy-change-to-boost-the-supply-of-affordable-housing/Affordable-Housing-Film

[9] Michael Oxley, Conditional object incentives: more value for UK housing subsidies? (HAS, 16 April 2014)

[10] Ira Peppercorn and Claude Taffin, Social housing in the USA and France: Lessons from convergences and divergences, http://siteresources.worldbank.org/FINANCIALSECTOR/Resources/Affordable_rental_housing_schemes_USA_France.pdf

[11] Michael Oxley, Tim Brown, Jo Richardson, Ros Lishman, Boosting the supply of affordable rented housing in the UK: learning from other countries, (ESRC, 2014) http://www.esrc.ac.uk/my-esrc/grants/ES.K007564.1/outputs/Read/bfc39a61-48e4-46b2-a69f-915b9e8225ad

Section 106, Town and Country Planning Act – s106 enables agreements between developers and local authorities on different aspects such as the proportion of affordable homes within development, provision of facilities, and so forth. This has been used for a long time in the UK with varying rates of success. These agreements can deliver but can take time and local authorities have to ensure that they are geared up to negotiate these because developers often are very well prepared. Similar negotiated agreements are conducted in Australia.

New homes bonus – a financial bonus or subsidy paid to councils on the basis of additional council tax revenue (local rates in Wales and England) raised for new build homes, conversions or empty homes brought back into use. There is an additional payment for providing affordable homes. It therefore applies to making better use of the existing stock and incentivising new developments. The money raised isn't ring-fenced so this sounds like one problem. There are a range of opinions on how well this is delivering, could it be adapted, and so forth. [12]

Compulsory purchase – as one tool amongst many it has its uses. The principle would appear to be the same as with Empty Home Management Orders (EHMO) in UK countries. Local Authorities have these powers but they don't begin by issuing an EHMO on a property, they begin by discussing options with the owner, negotiating, and discussing options. See also, the examples with regard to land assembly in response to Q7.

Housing Bonds / housing supply bonds – government schemes that help community housing organisations provide more affordable homes. One example is the Welsh housing Bond. [13] Research by the Australian Housing and Urban Research Institute also explore the Austrian Housing Bond and whether it would work in Australia.
http://www.ahuri.edu.au/publications/projects/p30652

Use it or lose it planning permission – discussions in England and Ireland around 'use it or lose it' planning permission to incentivise greater developments. See the work on the Planning Bill in Ireland which, in summary, does the following:

'Planning No.1 Bill will be progressed as a priority in the coming Dail term. In summary, the measures proposed in this General Scheme are:

- *the introduction of a vacant site levy aimed at incentivising the development of vacant sites in central urban areas,*
- *the amendment of the Part V provisions on social and affordable housing as incorporated in the Planning Act of 2000,*
- *enabling developers to avail of reduced development contributions in respect of existing planning permissions that have yet to be activated, and*
- *enabling planning authorities to modify the duration of planning permissions where developments of scale do not commence in line with the development schedule*

[12] Wendy Wilson, The New Homes Bonus Scheme, (November 2014) www.parliament.uk/briefing-papers/sn05724.pdf and https://www.gov.uk/government/policies/increasing-the-number-of-available-homes/supporting-pages/new-homes-bonus

[13] http://wales.gov.uk/topics/housing-and-regeneration/housing-supply/innovative-finance/?lang=en

> *indicated in relevant planning applications (the adoption of a "use it or lose it" approach).'* [14]

"We have a major challenge to increase the supply of housing and this Bill is primarily about introducing measures which can help make development proposals more economically viable, thereby facilitating increased housing supply. This will not only help to counter the house price increases recently encountered in the market, but an increase in housing supply will also help to address rent increases being experienced in the private rental market. I am determined to finalise this legislation without delay." Alan Kelly T.D., Minister for the Environment, Community and Local Government [15]

Density bonuses – to compensate developers for potential loss of income from providing affordable housing on site are used in several countries.[16]

Infrastructure – revolving infrastructure funds, tax increment financing and also, in England, the Community Infrastructure Levy (CIL). The CIL is charged on developments and helps pay for new roads, services, facilities required. These are all means of paying for putting infrastructure in-place prior to developments. [17] See also, the examples from England and Europe below.

Overcoming local community opposition to developments:

Local needs assessments

In the UK there are examples of local needs assessments with community involvement that seek to find out local needs and build support for housing developments. These are typically more local than larger area housing development plans that may say 'we need this many thousands of houses'.

Housing enablers

Often working in rural communities these enabler roles help communities to explore needs, broker partnerships, and to try to access land. They again aim to gather support for the developments required. The schemes, which are often partnerships between Councils and housing associations, do not add a large number of houses overall but in some areas they deliver effectively. [18]

Q59 - What alternative approaches for funding infrastructure should be considered in New Zealand's high-growth areas?

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[14] http://www.environ.ie/en/DevelopmentHousing/PlanningDevelopment/Planning/News/MainBody,39135,en.htm

[15] Ibid.

[16] Gemma Burgess and Sarah Monk, Mechanisms to increase housing land supply in England and Wales, p.10. (The Cambridge Centre for Housing and Planning Research, for RICS, 2014)

[17] Ibid.

[18] http://wales.gov.uk/statistics-and-research/evaluation-rural-housing-enablers-wales/?lang=en
http://chcymru.org.uk/en/policy/rural-housing/rural-housing-enablers/

A recent report from Centre for Cities, in England, suggests making greater use of green belt land as well as exploiting brownfield.[19] This involves looking beyond the land already designated for housing and the study also provides examples of how cities and countries have approached funding infrastructure for developments.

- re-assessing where homes should be built for the future;
- local authorities working in partnership to assess the need for and deliver more housing – examples from England, France, Netherlands
- forming partnerships to co-fund infrastructure – examples from England and Europe;
- streamlining the compulsory purchase mechanism and land assembly - land assembly powers in France, Netherlands, Germany [20]
- assistance from Treasury with regard to borrowing and investment.

In terms of funding infrastructure the study includes several case studies from England and cities in Europe.[21]

- Milton Keynes Tariff – funding infrastructure upfront [22]

'Milton Keynes stands out as the only city in the UK that has seen near constant economic growth over the last ten years while maintaining stable and consistently affordable house prices. This is partly due to its consistent delivery of homes and infrastructure. Milton Keynes, benefitting in part from its status as a former New Town, has also benefited from innovative ways of funding infrastructure to make these new homes viable.

In 2004, to fund social and physical infrastructure in its strategic expansion areas, the city set a building tariff, or Strategic Land and Infrastructure Contract. Developers agreed to pay standardised contributions of £18,500 per residential dwelling and £260,000 per hectare of commercial land, using the legal framework of a section 106 agreement. Unlike a typical Section 106 agreement, Milton Keynes was able to borrow money from the Homes and Communities Agency to forward-fund infrastructure against expected tariff receipts, as HM Treasury was confident about the long-term certainty of receipts.

Under the tariff model, the developer pays 75 per cent of the charge on completion rather than upfront, reducing their need for borrowing and allowing for greater certainty for both partners. Some payments can be delivered 'in kind' if developers provide specified infrastructure or public space.'

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[19] Edward Clarke, Nada Nohrová and Elli Thomas, Delivering change: building homes where we need them (October 2014) http://www.centreforcities.org/wp-content/uploads/2014/11/14-10-31-delivering-change-building-homes.pdf
[20] Ibid., pp.32-34
[21] Ibid., pp.28-29.
[22] Ibid., p.29.

HUTT CITY COUNCIL'S APPROACH TO ENCOURAGING DEVELOPMENT

Hutt City Council takes a proactive approach to encouraging residential growth in the city in that Council:

- Willingly invests in infrastructure required to support "shovel ready" land coming on to the market
- Developed an Urban Growth Strategy that clearly sets out Council's aspirations and intentions in terms of land availability and its plans for facilitating and investing in growth (http://www.huttcity.govt.nz/Documents/a-z/Urban%20Growth%20Strategy%202014.pdf). This Strategy clearly outlines the various plan changes that Council intends making to make land for intensification and greenfield development available and also how Council will, in partnership with the private sector, build the necessary infrastructure in greenfield areas and
- Incentives in the form of rates and development contributions remissions for certain types of development e.g. multiunit residential.

In our experience the most difficult aspect of development, either greenfield or intensification, is community acceptance of change. As we developed the Urban Growth Strategy we also ran focus groups of people from across the city's population and the most prevalent message was that people valued their lifestyle and saw residential growth, particularly intensification, as a direct threat to that lifestyle. However, those with lifestyle properties in areas where greenfield development is possible were also generally opposed to residential development with the exception of those land owners who saw an opportunity to develop themselves or exit the property with sufficient funds to reinvest in lifestyle property. Another key issue is multiple ownership of developable greenfield land.

Design quality was also a theme common to most groups with participants adamant that they want to see well designed housing – not lots of concrete box "state housing". The consensus was that good design (form, function, eco-efficient and sustainable) is an essential element of any development supported by Council. These sentiments applied to all development types, greenfield, low rise and infill.

Since these policies were first introduced (2011) the city has seen an increase in the number of residential allotments create and building consents issued.

Year	**New Residential Allotments created**
2009	44
2010	68
2011	67
2012	50
2013	93
2014 – 3 months	53

Year	Building Consents (dwellings)
(this shows number of dwellings, new build only)	
2008-09	115
2009-10	131
2010-11	100
2011-12	112
2012-13	166
2013-14	212

City Wide Incentives

There are four Council policies designed to assist development within Hutt City. An overview of each of these policies is outlined below.

City Wide remissions policy

Overview

This policy (effective to 30 June 2017) remits building and resource consents fees, reserve contributions, and development contributions for medium/high density housing developments and large non-residential developments. The policy is intended to stimulate development activity in the city. Developments that are eligible under this policy may also be eligible for rates remissions under the rates remission for economic development policy (see below). Refer to Appendix 1 for more details.

CBD remissions policy

Overview

This policy (effective to 30 June 2017) remits building and resource consents fees, reserve contributions, development contributions and rates for apartment and commercial developments in the CBD. It is similar to the City Wide Remissions Policy except that it also includes rates remissions for five years and is aimed specifically at encouraging commercial and apartment developments in the CBD. Refer to Appendix 1 for more details.

Private development agreements

Where it is in the interest of both parties, Council may consider entering into a private development agreement with a developer. Under these agreements, the cost of development contributions may be partially or fully offset.

Eligibility

These agreements are at the discretion of Council and will only be considered where:

- The developer will be providing for network infrastructure upgrades or reserves in agreement with the Council; or
- The development provides other ‘strategic’ benefits to the city and the absence of the development will materially affect the economic, social, environment or cultural development of the city.

Rates remission for economic development policy

Overview

To promote employment and economic development within the city by offering rates remission to:

- Encourage developments that assist new businesses to become established in the city; or
- Encourage developments that assist 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 Strategy.

Eligibility

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 Remission Policy.

Again, thank you for the opportunity to comment.

Yours sincerely

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Divisional Manager, Strategy and Planning

John Pritchard
Senior Research and Policy Adviser

Appendix 1

HUTT CITY DEVELOPMENT CHARGES REMISSIONS POLICY

OBJECTIVE

To encourage economic development in the Hutt City by remitting the following for specified types of developments:

- development contributions;
- reserve financial contributions;
- resource consents fee and charges; and
- building consents fees and charges.[23]

This policy is part of a wider programme aimed at revitalising the CBD and the city.

Remissions granted will be up to 100% of the charges levied by Hutt City Council, and for up to a maximum period of two years following the granting of building consent.

CRITERIA

To be eligible for a remission of Council's development charges under this policy, a development must:

A. Be either:

- a medium or high density residential development; or
- a new non-residential development; or
- a conversion of a building from any use to residential apartments

And

B. Have relevant resource and building consents applications issued between 1 July 2012 and 30 June 2017.

DEFINITIONS

For the purposes of this policy:

- Development means:
  - construction of dwellings or one or more buildings requiring one or more building and resource consents that, as a body of work, occurs within a similar timeframe, and that stands alone as a complete activity in and of itself; or
  - in the case of apartment conversion, any conversion involving at least 8 attached residential dwelling units or of at least 500m^2 (whichever is the lesser)[24]

[23] Includes the cost of any external expertise sought by Council when assessing a resource or building consent and the cost of any hearing but excludes the cost of the building research levy paid to BRANZ or Department of Building and Housing fees. These must still be paid by developers.

[24] Includes internal car parking space provided as part of the building.

- Medium and high density housing means any housing development of:
  - 3 or more adjoined dwellings, including resthomes and other residential facilities; or
  - 3 or more dwellings within a development with a combined land area of no more than 400m^2 per dwelling on average;[25]
- New non-residential development means construction of any new non-residential building of at least 500 m^2, including construction of a new building following demolition or removal of existing buildings. It also includes an extension to an existing building where the extension increases the size of the building by at least 500m^2.

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

CONDITIONS

In granting remissions under this policy, Hutt City Council may in 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.

APPLICATION PROCESS

Applications must be made in writing using an application form determined by Hutt City Council. Applications must be made in sufficient time to be considered prior to consent being granted. Preferably, applications should be made at the time resource and building consents are lodged.

Applications must be supported by the information specified in the application form. In considering applications, Hutt City Council may decide to seek independent verification of any information provided with an application.

PAYMENT OF RATES AND CHARGES

Until such time as an application for a remission of Council's development charges has been approved under this policy **and** all relevant consents have been granted, applicants will remain liable for any charges and fees covered by this policy as per usual. Charges and fees will be remitted once approval has been granted **and** all relevant consents are granted. Should a consent not proceed to grant, the applicant will be liable for resource and building consent charges as per usual.

LIABILITY SHOULD CONSTRUCTION NOT COMMENCE WITHIN TWO YEARS

Should construction of a development not commence within two years 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.

Commencement of construction will be deemed to have occurred when the activity for which a resource and building consent has been issued, is substantially underway and progressing.

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[25] Any existing residential property remaining on the site can count as one of the dwellings.

DELEGATIONS

Applications for a remission of development charges will be decided by the Chief Executive or by a person authorised by the Chief Executive, including specifying any conditions.

APPEAL

Applicants may appeal against:

- a decision to decline a remission or not grant a full remission; or
- conditions imposed when a remission has been approved.

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

CBD DEVELOPMENT CHARGES AND RATES REMISSIONS POLICY

OBJECTIVE

To encourage economic development in the Hutt Central Business District (CBD) by remitting the development charges listed below and rates on qualifying developments:

- development contributions;
- reserve financial contributions;
- resource consents charges; and
- building consents charges.[26]

This policy is part of a wider programme aimed at revitalising the CBD.

DEVELOPMENT CHARGES CONDITIONS AND CRITERIA

To be eligible for a remission of Council development charges for CBD development, a development must:

A. Be either:

  - a new apartment development of a least 8 attached residential dwelling units or of at least 500 m² (whichever is the lesser); or
  - a conversion of a building from any use to an apartment development of at least 8 attached residential dwelling units or of at least 500 m² (whichever is the lesser); or
  - a new commercial development of at least 500 m²; or
  - a conversion of a building to, or redevelopment of, an existing commercial development for reuse as a commercial development of at least 500 m²; or
  - a new development with a mix of apartment and commercial space of at least 500 m² in total;
  - a conversion of a building to, or a redevelopment of, an existing building for reuse with a mix of apartment and commercial space of at least 500 m² in total;

And

B. Be within the Hutt CBD as defined within the District Plan as the Central Commercial Activity Area; and

C. Be subject to the Central Commercial Activity Area design guide; and

D. Have resource and building consents issued between 1 July 2014 and 30 June 2017.

For the purposes of this policy:

- New apartment development means a new building or new building extension comprising attached residential dwelling units.[27]

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[26] Includes the cost of any external expertise sought by Council when assessing a resource or building consent and the cost of any hearing but excludes the cost of the building research levy paid to BRANZ or Department of Building and Housing fees. These must still be paid by developers.

- In the case of an apartment conversion, any conversion involving at least 8 attached residential dwelling units or of at least 500 m² (whichever is the lesser).[28]
- Commercial development means an existing building or a new building or new building extension comprised predominantly of space for:
  - office use; and/or
  - hotel, motel, hostel or similar accommodation services; and/or
  - venue hire and conference use; and/or
  - car parking.

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.

Remissions granted will be up to 100% of the development charges levied by Hutt City Council.

RATES REMISSION CONDITIONS & CRITERIA

To be eligible for remission of rates:

- the development must meet the eligibility conditions and criteria for remission of development charges (as per above); and
- The amount spent on the development, as evidenced by the building consent application(s) must be (i) at least $1,500,000 or (ii) at least 33 per cent of the current Capital Value of the development site; whichever is the greater; and
- The construction of the development must be commenced within 2 years of being granted building consent or before 30 June 2017, whichever is the earlier.

The remission of rates will apply to the total rates levied by Hutt City Council on the site being developed and includes both the existing rates levied by Hutt City Council on the site being developed and the increase in rates caused by the improved value of a site as a result of the development.

The date remission of rates will apply from will be at the discretion of the applicant and will be either:

- 1 July after the date of commencement of the development; or
- 1 July after the date of completion of the development.

Remissions granted will be 100% of the rates levied by Hutt City Council and for a period of 5 (five) years. Rates to be paid to Greater Wellington Regional Council cannot be remitted under this policy.

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[27] Includes internal car parking space provided as part of the building
[28] Includes internal car parking space provided as part of the building

APPLICATION PROCESS

Applications must be made in writing using an application form determined by Hutt City Council. Applications must be made in sufficient time to be considered prior to the commencement of construction. Preferably, applications should be made at the time resource consent requests are lodged. Commencement of construction will be deemed to have occurred when the activity for which a resource and building consent has been issued, is substantially underway and progressing.

Applications must be supported by the information specified in the application form. In considering applications, Hutt City Council may decide to seek independent verification of any information provided with an application.

In granting remissions under this policy, Hutt City Council may at its discretion specify certain conditions before the remission will be granted. Applicants will be required to agree in writing to these conditions and to pay any remitted development charges and rates if the conditions are violated.

PAYMENT OF RATES AND DEVELOPMENT CHARGES

Until such time as an application for a remission of Council's development charges has been approved under this policy **and** all relevant consents have been granted, applicants will remain liable for any charges and fees covered by this policy as per usual. Charges and fees will be remitted once approval has been granted **and** all relevant consents are granted. Should a consent not proceed to grant, the applicant will be liable for resource and building consent charges as per usual.

LIABILITY SHOULD CONSTRUCTION NOT COMMENCE WITHIN TWO YEARS

Should construction of a development not commence within two years of being granted building consent, the remission of development charges 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.

Should construction of a development not commence within two years of being granted building consent or 30 June 2017 (whichever is the earlier) the remission of rates provided under this policy shall no longer apply.

Commencement of construction will be deemed to have occurred when the activity for which a resource and building consent has been issued, is substantially underway and progressing.

DELEGATIONS

Applications for a remission of development charges for CBD development will be decided by the Chief Executive, or by a person authorised by the Chief Executive, including specifying any conditions.

Applications for remission of rates for CBD 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 or not grant a full remission; or
- conditions imposed when a remission has been approved.

Appeals will be heard by the Finance and Audit Committee.

RATES REMISSION FOR ECONOMIC DEVELOPMENT

OBJECTIVES OF THE POLICY

To promote employment and economic development within the city by offering rates remission to:

- Encourage developments that assist new businesses to become established in the city; or
- Encourage developments that assist 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 Strategy.

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 Remission 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.

APPLICATION PROCESS

Applications must be made in writing and received allowing sufficient time to be considered prior to the commencement of construction. 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.

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
- A plan of the development (where possible)
- An estimate of costs of the development
- 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.
- 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 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 Part A (1) or Part A (2) does not guarantee a remission of rates. The final decision to grant a remission of rates will be at Council's sole discretion. Remissions granted 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.

In granting remissions under this part of the policy Council may in its discretion specify certain conditions before the remission 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 if the conditions are violated.

DELEGATIONS

Applications for remission of rates 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 or not grant a full remission; or
- conditions imposed when a remission has been approved.

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

EXCLUSIONS

This policy shall not apply to Council developments.

ATES REMISSION FOR ECONOMIC DEVELOPMENT

Applications must be supported by:

- A description of the development
- A plan of the development (where possible)
- An estimate of costs of the development
- 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.
- 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 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 Part A (1) or Part A (2) does not guarantee a remission of rates. The final decision to grant a remission of rates will be at Council's sole discretion. Remissions granted 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.

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