



**G E O R G E**

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## **INVESTMENT OPPORTUNITIES IN GEORGE MUNICIPALITY**

The Municipality would like to make a positive contribution to accelerate the economic revitalisation of our local economy through concrete actions. The City of George has numerous advantages which makes it a preferred investment destination. George is strategically located midway between Cape Town and Port Elizabeth in the attractive Garden Route. It fulfils the role of the services hub in the Southern Cape and is well placed and connected for trade with the rest of South Africa and internationally. All of this creates an ideal opportunity to offer incentives to attract more investors to George.

The advantages of George do not only include investment opportunities, but also the lifestyle and attractions of the Garden Route. The attraction of George lies in its scenic beauty, safe living environment with a temperate climate, excellent infrastructure, including an airport. These all add up to offer residents a high quality of life.

The Municipality wishes to attract investors to George and believe that with a proper incentive scheme, it will facilitate new business and expansion of existing businesses in George. The aim of the incentive scheme is to lower the start-up costs and initial utility expenses of a new investment to improve cash flow and survival rate.

The incentive scheme is based on the key economic nodes as identified in the Draft George Spatial Development Framework (GSDF). There are three incentive nodes namely the Urban Development Zone, Industrial Development Zone and the Special Development Zone.

Each Zone is unique in terms of location in George, type of development earmarked, scope of supporting developments and assigned development rights.

**Table 1: Investment Zones**

<b>Urban Development Zone (UDZ)</b> <b>– Map 1</b>	<b>The Industrial Development Zone (IDZ)</b> <b>– Map 2</b>	<b>The Special Development Zone (SDZ)</b> <b>– Map 3</b>
<p>The purpose of the Urban Development Zone is to revive the inner city, create more jobs and attract more people to live and work in this area and include areas around York Street, Courtney Street, Hope Street and Albert Street.</p>	<p>The IDZ is geographically designed, purpose-built industrial sites that are linked to the airport and offer prime industrial sites. The land is owned by the Municipality and is located in close proximity to the airport, the N2, a railway linkage and the George CBD.</p>	<p>The SDZ incentive aims to unlock the inherent economic potential in a specific location by attracting private-sector investment. It facilitates integrated planning that promotes urban restructuring and integration while, at the same time, boosting investment and kick-starting development. The Hansmoeskraal area has been identified as part of the SDZ.</p>

Developments taking place in each of these zones will be considered for a range of incentives. Building plan approvals within a very short period, pre-approved development rights, lower parking ratios and guaranteed access to adequate utility services are some investor assistance incentives.

Available financial incentives are rebates on building plan approval costs and discounts on rates and services. In addition, Municipal owned land in the said zones will be sold at a discount price – not exceeding 25% of the cost of the land. Rental discounts are also applicable to Municipal land where the rental is for 10 years and longer. See Annexure A for a detail description of the investment zones.

CRITERIA AND SPECIFICATIONS	KEY ECONOMIC DEVELOPMENT NODES		
	URBAN DEVELOPMENT ZONE <u>MAP 1</u>	INDUSTRIAL DEVELOPMENT ZONE <u>MAP 2</u>	SPECIAL DEVELOPMENT ZONE <u>MAP 3</u>
<b>Location of Zone</b>	CBD demarcated as follows: North: York street, incl. the properties immediately abutting this street on the northern side; East: Courtney Street, incl. the properties immediately abutting this street on the eastern side; South: Hops Street, incl. the properties immediately abutting this street on the southern side; West: Albert Street, incl. the properties immediately abutting this street on the western side. Notwithstanding above, the full York street corridor up to Plattner Boulevard, as well as CJ Langenhoven, up to the Rooirivier is included as far as it relates to the properties that abuts immediately to this road corridors.	The Designated Steinhoff & Pacaltsdorp Industrial Park: Available serviced municipal land at Steinhoff & Pacaltsdorp Industrial Parks. Un-serviced municipal land at Steinhoff Un-serviced land of Paclatsdorp Serviced land in private ownership	The Designated Hansmoeskraal Special Investment Zone
<b>Focus and Scope of Supporting Developments</b>	Mixed development of Office and Business uses to serve in the regional services and functions, together with High Density Residential and Associated Niche functions to sustain a vibrant urban citizenry.	Manufacturing of specialized high value consumer products and which may benefit from the availability of Air Freight.	Science and Technology Industry, Academic and Research Facilities, Related Corporate HQ, Associated Tourism, Cultural and Sport facilities. Associated mixed residential uses.
<b>Assigned Developments rights</b>	Applicable land to be covered by pre-approved special zoned development rights in accordance with provisions of the CBD SDP.	Applicable land to be covered by pre-approved special zoned development rights.	Applicable land to be covered by pre-approved special zoned development rights.
<b>Investor Assistance</b>	Building Plan approval for designated developments within 96 hrs.	Building Plan approval for designated developments within 96 hrs.	Building Plan approval for designated developments within 96 hrs.

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	URBAN DEVELOPMENT ZONE <u>MAP 1</u>	INDUSTRIAL DEVELOPMENT ZONE <u>MAP 2</u>	SPECIAL DEVELOPMENT ZONE <u>MAP 3</u>
	Pre-Approved development rights for designated developments	Pre-Approved development rights for designated developments	Pre-Approved development rights for designated developments
	Lower parking ratios for mixed business/ Residential Developments	Guaranteed access to adequate utility services	Guaranteed access to adequate utility services
<b>Financial Assistance Only where the Developer is also the owner of the land or land is owned by the Municipality</b>	Rebate on Building Plan Approvals Cost: - 50% for Designated Developments - 25% for non Designated developments within zone	Rebate on Building Plan Approvals Cost: - 50% for Designated Developments - 25% for non Designated developments within zone	Rebate on Building Plan Approvals Cost: - 50% for Designated Developments - 25% for non Designated developments within zone
	Discount on Rates: Yrs 1: 80% of account Yrs 2: 60% of account Yrs 3: 40% of account Yrs 4: 20% of account Yrs 5 & beyond: 0% of account	Discount on Rates: Yrs 1: 80% of account Yrs 2: 60% of account Yrs 3: 40% of account Yrs 4: 20% of account Yrs 5 & beyond: 0% of account	Discount on Rates: Yrs 1: 80% of account Yrs 2: 60% of account Yrs 3: 40% of account Yrs 4: 20% of account Yrs 5 & beyond: 0% of account
	Phased payment schedule of Capital Contributions over first 5 years.	Phased payment schedule of Capital Contributions over first 5 years.	Phased payment schedule of Capital Contributions over first 5 years.
	Discount on Services: Yrs 1: 80% of account Yrs 2: 60% of account Yrs 3: 40% of account Yrs 4: 20% of account Yrs 5 & beyond: 0% of account (Only where the George Municipality is the utility service provider and Electricity base cost excluded.)	Discount on Services: Yrs 1: 80% of account Yrs 2: 60% of account Yrs 3: 40% of account Yrs 4: 20% of account Yrs 5 & beyond: 0% of account (Only where the George Municipality is the utility service provider and Electricity base cost excluded.)	Discount on Services: Yrs 1: 80% of account Yrs 2: 60% of account Yrs 3: 40% of account Yrs 4: 20% of account Yrs 5 & beyond: 0% of account (Only where the George Municipality is the utility service provider and Electricity base cost excluded.)
	On site service infrastructure: For developers account	On site service infrastructure: For developers account	On site service infrastructure: For developers account

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<b>SARS Tax Incentive</b>	Application will be made to the Minister of Finance to grant the Urban Renewal Tax Incentive Scheme, i.e. and accelerated depreciation to be set-off against ANY other income. It relates to a 20% tax deduction in the 1 <sup>st</sup> year of earning an income, plus an annual depreciation of 5% for the next 16 years.	Application will be made to the Minister of Finance to grant the Urban Renewal Tax Incentive Scheme, i.e. and accelerated depreciation to be set-off against ANY other income. It relates to a 20% tax deduction in the 1 <sup>st</sup> year of earning an income, plus an annual depreciation of 5% for the next 16 years.	Application will be made to the Minister of Finance to grant the Urban Renewal Tax Incentive Scheme, i.e. and accelerated depreciation to be set-off against ANY other income. It relates to a 20% tax deduction in the 1 <sup>st</sup> year of earning an income, plus an annual depreciation of 5% for the next 16 years.
<b>Access to Land</b>	Most of the the properties in the Urban Development Zone are privately owned and any such land transaction does not qualify for any municipal assistance.	Discounts to approved investors on the lease of sale of Council owned land. Sale ó Discount not to exceed 25% of the cost of the land. The economic value of the capital expenditure of the investment must be at least double the size of the discount of the land. Rental ó Only applicable if rental is for 10yrs and longer and limited to the first 5 yrs of the operation, and if rental discount if the economic value of the operational expenditure (excl. rentals) in the first 3 yrs is at least double the value of the discount in those particular yrs. Discounts as follows: Yrs 1: 60% of rental price Yrs 2: 40% of rental price Yrs 3: 20% of rental price Yrs 4 and beyond: Normal market rental applies. Long term land availability agreements may also be negotiated for large scale strategic investments.	Most of the properties in the Special Development Zone are privately owned and any such land transaction does not qualify for any municipal assistance.

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	URBAN DEVELOPMENT ZONE <u>MAP 1</u>	INDUSTRIAL DEVELOPMENT ZONE <u>MAP 2</u>	SPECIAL DEVELOPMENT ZONE <u>MAP 3</u>
<b>Qualifying Criteria</b>	<p>Investment must be in one of the priority Geographical areas (zones). Investment must be in accordance with the focus and scope of each zone. Must be a new or the expansion of an existing business ó not the relocation of an existing business within the municipal area.</p> <p>The investment must qualify as a medium to large investment as defined by the National Small business Amendment Act (2003) i.e. new investments that will: create 50 or more permanent jobs; generate minimum turn over of between R 5m and R15m (depending on sector) have minimum asset values of between R2m and R5m, depending on sector Investment must promote BBBEE; The extent of local procurement which will strengthen the local economy; The number of direct permanent job opportunities created; Investment to human capital within George</p>	<p>Investment must be in one of the priority Geographical areas (zones). Investment must be in accordance with the focus and scope of each zone. Must be a new or the expansion of an existing business ó not the relocation of an existing business within the municipal area.</p> <p>The investment must qualify as a medium to large investment as defined by the National Small business Amendment Act (2003) i.e. new investments that will: create 50 or more permanent jobs; generate minimum turn over of between R 5m and R15m (depending on sector) have minimum asset values of between R2m and R5m, depending on sector Investment must promote BBBEE; The extent of local procurement which will strengthen the local economy; The number of direct permanent job opportunities created; Investment to human capital within George</p>	<p>Investment must be in one of the priority Geographical areas (zones). Investment must be in accordance with the focus and scope of each zone. Must be a new or the expansion of an existing business ó not the relocation of an existing business within the municipal area.</p> <p>The investment must qualify as a medium to large investment as defined by the National Small business Amendment Act (2003) i.e. new investments that will: create 50 or more permanent jobs; generate minimum turn over of between R 5m and R15m (depending on sector) have minimum asset values of between R2m and R5m, depending on sector Investment must promote BBBEE; The extent of local procurement which will strengthen the local economy; The number of direct permanent job opportunities created; Investment to human capital within George</p>
<b>Counter performance Criteria</b>	No development within six months or not completing the development within 18 months will invalidate any agreement and the land owner and/or developer will be liable for any and all cost relating to the standard municipal tariffs.	No development within six months or ceasing business operations for period of six months invalidates any agreement and the land availability, and such improvements will revert back to Council.	No development within six months or not completing the development within 18 months will invalidate any agreement and the land owner and/or developer will be liable for any and all cost relating to the standard municipal tariffs.
<b>Provisio's</b>	Determine desired development rights	Prepare unserviced land	Facilitate Special Investment Zone:

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	and approve Overlay Zone. Apply for Income Tax Incentive from National Minister Ensure adequate bulk capacity of utility services	Undertake EIA Establish development rights Service land Ensure adequate bulk capacity of utility services	Preliminary planning to designate special investment zone Consult with and gain support from private land owners Undertake detailed planning for Special Investment Zone Undertake EIA Establish development rights Service land Ensure adequate bulk capacity of utility services
<b>Sunset Clause</b>	Policy to be reviewed after 3 years	Policy to be reviewed after 3 years	Policy to be reviewed after 3 years

