

## 1. POLICY ON HERITAGE RETENTION GRANTS



**Officer responsible**  
Director of Information

**Author**  
Neil Carrie, Senior Planner, Urban Design and Heritage DDI 941-8643

The purpose of this report is to review some aspects of the present Heritage Policy on the use of the Heritage Incentives and Heritage Development Grants for the promotion of heritage retention.

### INTRODUCTION

The Heritage Conservation Policy was adopted by the Council in February 1999. It is proposed to give consideration to the policy with regard to more specific requirements for the grant application process and to the use of conservation covenants. The Heritage Development Grant Scheme was adopted in September 2001. It is proposed that consideration be given also to clarification of the policy and conditions for these grants. The 2002/03 Operational Grants Budget is \$565,000 for maintenance, retention and emergency grants. A further Capital Budget of \$300,000 is included for building purchases.

### HERITAGE INCENTIVE GRANTS

Section 8 'Conservation Incentives' Policy 8.1 outlines the use of Council grant monies for conservation purposes and the general criteria to be applied. The process is for heritage owners or developers to determine the value of a project that contributes to the maintenance, conservation or retention of a heritage building or place and then to apply in writing for consideration and approval of a grant from the Council. There is currently no time limit placed between the date of approval of a grant and the date at which the grant monies can be uplifted. This creates a high degree of uncertainty as to the likely call on grant monies at any time. With nearly thirty current applications it becomes difficult to judge when to approve new applications for projects and the likely availability of grant monies when a project is complete. This also creates uncertainty for heritage building owners.

Assurance of monies for a project is often sought at an early stage before all funding is certain, with the consequence of an extended period before work is undertaken. In a number of cases projects do not proceed, without further advice to the Council. To ensure a more equitable availability of grant monies and a more realistic grant budget management, the placing of a time limit between grant approval and the initial or full grant payment of a grant of 18 months is proposed. The availability of a grant would therefore lapse 18 months after the date of written approval. This period would only be extended with the written advice of the Council where grant finance was unavailable for the project at the time of construction or where progress grant payments were required beyond the 18 month period. Re-application and approval would be subject to the current state of applications and the availability of finance.

### HERITAGE DEVELOPMENT GRANTS

The policy and criteria for the Heritage Development Grants were adopted by the Council in August 2001.

The grants are equivalent to the increase in Council rates as a consequence of a development within the Central City (comprising the area included by the four avenues). The grant reflects the additional increase in rates due to the total re-development. In effect it postpones the eligibility for increased rates for a five year period, with the Council paying the increase in rates during this period.

The Incentive Grants however, are based only on the component of a heritage development that directly relates to the conservation and retention of the heritage item. A situation has arisen when consideration was given to a development of the Carlton Hotel, that consisted not of the heritage hotel itself, but only of a new extension which was detrimental to the heritage values of the hotel.

It is therefore proposed that only the development costs identified with heritage conservation are considered when the value of the Development Grant is determined, in relation to future Council rate increases.

The policy and conditions for the Heritage Development Grants did not identify the mechanism for calculation of the yearly rate increase. It could be assumed that the initial increase would vary from year to year depending on the rates struck for those subsequent years. However, to simplify the administration of the grant it is proposed that the amount of the grant determined for the initial year from the increase in Council rates should be fixed as the grant provision for the remaining four years, that the grant applies.

The policy did not specifically state that the increase in rates considered as the basis for calculating the grant was to be restricted to the Council component of the total yearly rates. It is proposed that this situation should be clarified.

## **CONSERVATION COVENANTS**

The Council Heritage Policy, Section 5 'Heritage Protection' Policy 5.3 promotes the use of Conservation Covenants for the long-term protection of heritage items. Voluntary agreements to conservation covenants will continue to be promoted by the Council. Current practice has been to require conservation covenants for all grants in excess of \$30,000. However, the potential cost to a heritage building owner for this form of constraint on the future use of a heritage building particularly with regard to sale and purchase has been regarded as being considerably in excess of \$30,000 (although this would depend to an extent on the type of property). The alternative of reducing the scope of covenants for smaller grants to just protection from demolition, or specified features, may not achieve the outcome of heritage protection, as for example 'alteration' includes partial demolition and the retention of specific features alone may not retain the overall heritage values of the heritage item.

In several recent instances owners have not accepted grants due to this requirement. In addition, the preparation and registering of a covenant has increased the time before the grant monies have been released. It is therefore proposed that the compulsory requirement for a conservation covenant should be applied to all heritage incentive grants of \$50,000 or more and to all heritage development grants that have a value estimated to be \$50,000 or more over the 5 year period of the grant, or to combinations of these forms of heritage grant with a value greater than \$50,000. Payment of grants after certification of the works, that are subject to a covenant, shall be made either on completion of the signed covenant and the landowner's certificate of title being made available, or the registration of the covenant against the title.

## **GRANTS NOT REQUIRING CONSERVATION COVENANTS**

It is proposed that grants of \$10,000 to \$19,999 should have a written agreement that the owner will not apply for a consent for demolition within a period of 5 years of receipt of the grant. Grants of \$20,000 to \$29,999 should have a written agreement that the owner will not apply for a consent for demolition within a period of 10 years of receipt of the grant. Grants of \$30,000 to \$49,999 should have a written agreement that the owner will not apply for a consent for demolition within a period of 15 years of receipt of the grant.

This obligation would only bind the present land owner receiving the grant and the agreement would also require the present landowner to obtain a similar agreement from any prospective purchaser prior to the sale of the property. Such similar agreement would prohibit the subsequent landowner from applying for a consent for demolition for the remainder of the term agreed with the present landowner.

## **CONCLUSION**

The present heritage grant policies do not clearly set out all the conditions necessary for the management of the heritage grants. It is therefore proposed that a number of these additional matters be adopted as an extension and clarification of the present heritage policy.

**Recommendation:** That the following additions and amendments be made to the Council's Heritage Grant Policies:

1. Heritage Incentive Grants
  - (a) That grant monies for applications for future Heritage Incentive Grants be made available for a period of 18 months from the date of written approval of the grant. This period will only be extended with the written advice of the Council or where grant finance was unavailable for the project at the time of construction or commission.
  - (b) Recipients of grants already approved that have not been uplifted are to be notified of the change of policy and be given a reasonable period, at the discretion of the Heritage Planner to uplift the grant, subject to the availability of funds.

## 2. Heritage Development Grants

That only the increase in Council rates due to development investment identified with heritage maintenance, conservation or preservation are considered when the yearly value of the Development Grant is determined.

That the amount of a grant for a development be determined as detailed in the Heritage Development Grant Policy and conditions for the initial year and shall be fixed as the yearly grant provision for the remaining four years that the grant applies.

That the grant is calculated only with respect to the Council component of the total yearly increase in rates for the re-development of the property

That additional financial commitment be considered in the annual budget for 2003/04 and subsequent years to meet future grants requirements.

## 3. Conservation Covenants

That the compulsory requirement for a conservation covenant should be applied to all heritage incentive grants of \$50,000 or more and to all heritage development grants that have a value estimated to be \$50,000 or more over the 5 year period of the grant.

## 4. Grants not requiring Conservation Covenants

That grants of \$10,000 to \$19,999 be subject to a written agreement that the owner and subsequent owners will not apply for a consent for demolition of the protected heritage item within a period of 5 years from receipt of the grant.

That grants of \$20,000 to \$29,999 be subject to a written agreement that the owner and subsequent owners will not apply for a consent for demolition of the protected heritage item within a period of 10 years from receipt of the grant.

That grants of \$30,000 to \$49,999 be subject to a written agreement that the owner and subsequent owners will not apply for a consent for demolition of the protected heritage item within a period of 15 years from receipt of the grant.

That the Agreement requires the present landowner to obtain a similar agreement from any prospective purchaser prior to the sale of the property. Such similar agreement would prohibit the subsequent landowner from applying for a consent for demolition for the remainder of the term agreed with the present landowner.

That a Grant Agreement be prepared for owners of protected heritage items subject to grants of \$10,000 to \$49,999 including the conditions prohibiting applications for demolition consent outlined above. The Agreement shall be subject to the consideration and approval of the Legal Services Manager.