8. CHARACTER HOUSING MAINTENANCE GRANTS FUND - REVIEW

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PURPOSE OF REPORT

1. This report is to review the existing Character Housing Maintenance Grants policy and propose a revised policy for consideration by the eight Community Boards for grant funding of maintenance of character houses located within Christchurch City and Banks Peninsula. The views of the Community Board's will be reported back to the Council's Regulatory and Planning Committee.

EXECUTIVE SUMMARY

2. In March 2004, the Council resolved to provide grant funding towards the external maintenance of pre 1945 character houses to assist in their retention and continuing contribution to the residential amenity and identity of their local areas. This was implemented for a period of four years from July 2006 to run until July 2010. The Character Housing Maintenance Grants Policy required a review of the success of the grants after this initial four year period.

3. The historic fabric of Christchurch comprises both heritage listed and non-listed character buildings in both residential and commercial use. City Plan Listed Heritage Buildings and Items are protected by the rules set out in the City Plan and entitled to grants for internal and external repairs and maintenance under the Heritage Incentive Grants Policy. Listed heritage, however, makes up a small proportion of the older housing stock that contribute to the character and heritage of the city.

4. The Character Housing Maintenance Grants fulfil an important role in the retention of non-listed heritage buildings which contribute to the character and heritage of Christchurch. Without these maintenance grants there is no other source of financial help or encouragement for property owners to retain these buildings and the loss of such buildings has been noted in many areas of the city as eroding the character of the older suburbs.

5. The Character Housing Maintenance Grants were intended to provide a small financial contribution towards the external upgrading and maintenance of homes which have a distinctive visual character and make a key contribution to the quality of the local streetscape and the community identity. In 2009/10 a total of $47,500 was available through the Character Housing Grant Fund with an average grant approval of $1,408 over the 25 applications approved. Staff time on administration of the grants is approximately 0.3 of a full time equivalent position.

6. The objectives of the review are to ensure the Fund operates effectively both for the Council and the applicants, that it supports the retention of character homes, and to raise awareness of this grant fund.

7. The policy sets out the criteria by which the effectiveness of the grant scheme will be assessed and includes community acceptance, improvements in street amenity and local identify and retention of character houses. The policy also requires the Character Housing Maintenance Grants Panel to consider each annual round against these criteria. Those annual discussions have led to a number of the recommendations in this report aimed at making the Character Housing Maintenance Grants more effective. Feedback has also been received from some of the grant applicants.

8. The effectiveness of the grants against the criteria is assessed in the following:

    - *Community acceptance*; there has been a significant interest in the grant scheme as shown by the receipt of 154 applications, and numerous enquiries each year.

- *Improvements in street amenity and local identity*; of the 154 applications, 72 (approximately 50 per cent) have uplifted grant funding in the past four years. These grants have been for a range of works including external painting, window and roof replacement and replacement/repair of building features such as veranda details. These improvements have all contributed to the amenity of the street scene and the identity of the local area.

- *Retention of character houses in an area including those that have not received grants*; the grant process requires the applicant to commit to non demolition or relocation of the property for the next 10 years thereby ensuring the property continues to contribute to the street scene and local identity. It is difficult to quantify the impact upon the retention of character properties that have not received a grant as there are many other factors that would influence their retention including market conditions over the past four years.

- *Effectiveness of the management and administration of the programme*; each year the grant fund has not been fully allocated nor all grants uplifted. The review identifies that there are three main factors that limit the success of the grants: the low quantum of grant funding; the restrictive grant conditions and criteria; the administrative process. All of these issues are explained in more detail in the background section of this report.

9. On the basis of this assessment, the Character Housing Maintenance Grants have been a cost effective mechanism for recognising the contribution that character homes make towards street scene and local identity. The additional recommendations in this report are aimed at reinforcing the intention of the grants to focus at the local level and further supporting that effectiveness and administrative efficiency.

10. The background section of this report contains a summary of the effectiveness of the grant process, a review of the selection criteria, conditions of the grant and options for a revised policy.

11. Three options have been considered:
    - the status quo;
    - continuing with the current Character Housing Maintenance Grants with minor changes to the existing policy and process;
    - applications being approved by each Community Board with the fund allocated between the eight Community Boards who can determine applications throughout the year, along with minor changes to the existing policy and process.

    It is recommended that the third option is progressed. The share of the fund will be based on the number of residential properties within each ward built before 1945 (source: *Christchurch City Council Valuation Hub Database*).

12. The proposed revisions to the Character Housing Maintenance Grants Policy, should the preferred option be adopted, are shown in **Attachment 1**. The revised Policy will be reviewed in three years to monitor the effectiveness of the revised grants system.

FINANCIAL IMPLICATIONS

13. Provision has been made for a Character Housing Maintenance Grant Fund of $45,310 per annum for 2010/11. Each property is restricted to a total maximum grant funding of $5,000. Staff time is provided for in operational budgets.

14. The current policy has one pool of funding and is allocated by the Character Housing Grants Panel. In the preferred option outlined in this report each Community Board is allocated a proportion of the Character Housing Maintenance Grant Fund. Allocating a proportion of the grant fund to each of the Community Boards will enable each Board to be responsible for making decisions on the grant applications it receives, reinforces an original intention of the grants scheme was to focus at the local level and would provide a stronger mechanism to encourage applications. The proportion for each Community Board is based on the number of properties located within its ward that were built before 1945. Table 1 below details the proposed distribution of funding between the Community Boards (note that figures have been rounded).

Table 1: Character Housing Maintenance Grants Community Board Funding Allocation

Community Board	Number of properties pre 1945	% of properties pre 1945	Budget
Lyttelton-Mt Herbert	760	4.1%	$1,860
Akaroa-Wairewa	221	1.2%	$540
Burwood-Pegasus	1,571	8.5%	$3,845
Fendalton-Waimairi	1,977	10.7%	$4,835
Hagley-Ferrymead	5,311	28.7%	$12,990
Riccarton-Wigram	797	4.3%	$1,950
Shirley-Papanui	2,966	16.0%	$7,260
Spreydon-Heathcote	4,918	26.6%	$12,030
Total Christchurch	**18,521**	**100.0%**	**$45,310**

15. The current policy requires that grants not uplifted within the financial year lapse.

16. The preferred option allows a period of 11 months for applicants to complete the works and uplift the grant. This will require the end of year carry forward of funds for those grants that will not be uplifted until the following financial year.

17. The current policy restricts the grant funding to a maximum of 10 per cent of the total costs of the external maintenance works (excluding GST) up to a maximum of $5,000 per property.

18. The preferred option will give each Community Board the discretion to award applicants between 10 per cent to 20 per cent of the external maintenance cost (excluding GST) up to a maximum of $5,000 per property. This increases from a maximum of 10 per cent in the current policy. It will also allow for additional applications for properties to be submitted once the original grant has been uplifted and will be dependent upon available funds and to a maximum limit of $5,000 in total grants per property.

Do the Recommendations of this Report Align with 2009-19 LTCCP budgets?

19. Yes, the Character Housing Maintenance Grant Fund is provided for in the 2009-19 LTCCP.

LEGAL CONSIDERATIONS

20. The current policy requires the non-demolition and non-relocation of the property for a period of ten years. This condition has been dealt with through a written agreement from the applicant not to demolish or relocate the property and is monitored by placing a property note on the Land Information Memorandum (LIM). Whilst this does not have the legal standing of a covenant, it does require the owner to state their intention to retain the property and the agreement will be highlighted to the Council's consent planners should any application for demolition of relocation be received.

21. The preferred option will retain this need for the property owner to agree in writing not to relocate or demolish the property within 10 years of the uptake of the grant and will continue to be monitored through the LIM note on the property file. This is considered an appropriate form of agreement for implementing the non-demolition and non-relocation requirements of the policy given the low value of the individual grants.

22. The current policy is not explicit about grant payback should demolition or relocation occur within the ten-year period. The preferred option is to include a clause requiring payback under these circumstances. Should the grant recipient decide not to pay back the grant money upon demolition or relocation of the building then consideration would need to be taken on a case-by-case basis as to what, if any, legal proceedings should follow.

23. The existing Character Housing Maintenance Grants Policy also requires that should the property be sold within five years of the grant payment then the applicant must repay the grant to the Council for future reallocation. There have been a number of grants paid back due to applicants selling their properties within five years, yet post-sale these properties continue to contribute to the street scene. This approach is also inconsistent with the Heritage Incentive Grants, where there is no requirement for grants to be paid back should the property be sold.

24. The preferred option will not require the payback of the grant should the property be sold. The intent of the policy is around the character of the property and the contribution of the property to the street environment. This revision will not impact upon the intent of the policy and may encourage more applications.

Have you considered the legal implications of the issue under consideration?

25. Yes, see above

ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS

26. The Character Housing Maintenance Grants are accounted for in the 2009-2019 LTCCP and align with the Activity Management Plans, Activity 1.4: Heritage Protection by providing grants in order to maintain and protect heritage items and values which contribute to a unique city and community identity, character and sense of place and provide links to the past.

Do the recommendations of this report support a level of service or project in the 2009-19 LTCCP?

27. Yes.

ALIGNMENT WITH STRATEGIES

28. The Character Housing Maintenance Grants align with the Liveable City Strategic Directions and the Greater Christchurch Urban Development Strategy in that it maintains and enhances the quality of the development and renewal of the city's built environment by protecting Christchurch's heritage buildings and neighbourhood character.

Do the recommendations align with the Council's strategies?

29. Yes, the recommendations will enable the Character Housing Maintenance Grants Fund to operate effectively.

CONSULTATION FULFILMENT

30. Each of the eight Community Boards will be consulted with in regards to the proposed changes to the policy and process and a summary of the Community Boards comments and recommendations will be provided to the Council.

31. Comments from the Character Housing Grant Panel and grant applicants have been taken into consideration in formulating the revised policy.

STAFF RECOMMENDATION

It is recommended that the Community Boards:

(a) Consider the Character Housing Maintenance Grants Fund Review report and provide feedback for staff to report to the Council's Regulatory and Planning Committee; and

(b) Note the preferred option, Option C, for the allocation of the Character Housing Maintenance Grants to be determined by the individual Community Boards and the process as set out in the revised Operational Policy attached as **Attachment 1**.

BACKGROUND (THE ISSUES)

32. The Character Housing Maintenance Grants have been available to owners of character dwellings in Christchurch and Banks Peninsula since July 2006 and have offered grants of 10 per cent(up to a maximum of $5,000 excluding GST) for external maintenance works to upgrade the external appearance of residential properties that make a key contribution to the quality and identity of local streets.

33. The existing policy has been operating for the past four years with a budget of $100,000 in the first three years and $47,500 in the final year. The allocation of funds for each year are as shown in Table 2 below.

Table 2: Annual allocation of Character Housing Grants

Financial Year	Number of grants approved	Total value of grants approved	Total number of grants uplifted	Total value of grants uplifted
2006/07 Fund available $100,000	42 of 64 applications	$47,573 (average $1,133)	22	$22,883 (average $1,040)
2007/08 Fund available $100,000	26 of 28 applications	$33,039 (average $1,271)	17	$19,844 (average $1,167)
2008/09 Fund available $100,000	27 of 36 applications	$43,573 (average $1,614)	17	$25,893 (average $1,523)
2009/10 Fund available $47,500	25 of 26 applications	$35,192 (average $1,408)	TBC	TBC

34. Decisions on grant applications are currently made by the Character Housing Grants Panel (comprising one member from each Community Board), following consideration and a recommendation by the relevant Community Board. The means that for each grant there is a two step process. This has resulted in a lengthy time from application to decision-making, and for the size of the fund and scale of the grants, increased the associated administration. The intention of this grants scheme was for this to remain focused at the local level. The preferred option reinforces this intention, recommending responsibility for decision making lies with each Community Board based upon an annual allocation of grant funds.

35. Operation of the grant system over the past four years has highlighted a number of weaknesses and disincentives associated with the current policy that provide areas for consideration in this review, including the following:

36. **Financial incentive**

(a) The grant fund has not been fully allocated.
(b) Uptake of grants approved has been low, on average this is less than 25 per cent of total grant fund.
(c) The maximum of 10 per cent of the total cost of the project excluding GST (maximum $5,000) is too little to act as an effective incentive to promote retention of character houses. Average grants are $1,243.

37. **Grant conditions and criteria**

(a) If ownership changes within five years the applicant is required to pay back the grant, although the property will continue to make a contribution to the character of the area and street scene.
(b) The Policy requires a non-demolition or relocation clause for 10 years.

(c) The Policy only allows for one grant per property, there is no time limit after which further applications may be considered.
(d) The criteria requires that the proposed works must be visible from a public place which excludes character houses on rear sections and essential maintenance works such a piling which are important to the retention of the building.
(e) The policy excludes non-residential buildings which can make a significant contribution to the streetscape, character and history of the local area.

38. **Administrative process**

(a) The grant process from opening the fund and receipt of applications through to completion of works spans just one financial year. The process results in only one window of opportunity for applicants to apply for a grant each year.
(b) The decision making process can take up to four months and restricts time for completion of works to a maximum of seven months in order to claim the grant before the end of the financial year.
(c) If works are not complete by the end of the financial year the grant offer lapses and the applicant either foregoes the grant or has to reapply to another funding year.
(d) There are no opportunities to consider grants for urgent repair works or retrospective applications where works have been completed between the cut off in one financial year and the opening date in the next.
(e) The Policy does not allow for funding to be carried forward to the next financial year even for those grants offered but where work is unable to be completed within the timeframe, even if the work has commenced.

39. These issues have been considered in light of the original intent of the policy and operational guidelines and that the Community Board involvement be retained as an important part of the decision making process.

40. Following recognition of the these weaknesses and a review process a number of solutions were considered that would improve grant effectiveness including; making the grants more of an incentive by offering a greater quantum of funding; amending conditions; allowing access to the grants throughout the year and improving the process to allow for greater uplift of the grants.

41. Giving the Community Boards the discretion to award grants for between 10 per cent to 20 per cent would enable the opportunity to provide more of an incentive for those applications considered to make more of a contribution to the street scene and identity of the local area and will be more in line with the quantum of grant funding offered by the Heritage Incentives Grants Policy and should provide for a full allocation of the fund. This will also give the Community Boards the opportunity to make the decisions for properties within their wards and promote the grants within their ward.

42. Removing the condition to repay the grant should the property be sold within five years of the issuing of the grant, allows owners to sell a property. The grant funding is provided to retain the character house, irrespective of who owns the property and is consistent with the Heritage Incentive Grants Policy. The non demolition and relocation clause will be retained with a payback requirement.

43. Providing the opportunity for applicants to apply for subsequent grants after the first grant is uplifted, and dependent upon available funds, allows applicants to stage their maintenance works and manage their budgets for such works.

44. The criteria restricts the funding to properties that make a contribution to the street scene or public space therefore excluding character houses on rear sections and buildings in commercial use. Due to the reduction in the overall fund it is considered these conditions are appropriate.

45. Currently there is one opportunity for grant applications to be submitted each year. Allowing applications for grants to be submitted throughout the year will provide greater accessibility to the fund and enable applicants needing to undertake urgent repair works to access the grants within an appropriate timeframe. These changes to the process will allow for greater accessibility to the grants and will improve speed in decision making.

46. Changing the requirement for works to be completed within the same financial year that the grant was offered and allowing applicants 11 months for the uplift of their grant will provide greater accessibility to the fund and facilitate uptake and allocation of the fund. There are numerous examples whereby applicants have been unable to complete the works within the current prescribed timeframe. This makes the fund more inline with the Heritage Incentive Grants that are allowed 18 months for uplift their grant.

47. An amended policy has been formulated to address these issues to enable a more effective and efficient use of the grant funding. A revised policy is set out in **Attachment 1**.

THE OBJECTIVES

48. To efficiently and effectively administer the Character Housing Maintenance Grants to provide a real incentive to property owners to maintain and enhance character houses that display character elements and contribute to the street scene and the character and identity of the area.

THE OPTIONS

(a) Maintain the Status Quo with the addition of a new review clause.
To continue the Character Housing Maintenance Grants as per the current policy.
- A three year review of the Fund to evaluate success and report to the Council

(b) Continue the Character Housing Maintenance Grants with minor changes to the existing policy and process to:-
- Allow applications to be submitted twice a year dependent upon available funds.
- Require the Grants Panel to sit twice a year.
- Increase potential grant funding for each application to 10 per cent – 20 per cent (maximum $5,000) at the discretion of the Grants Panel.
- Allow 11 months from offer of grant for completion of works.
- Allow applicants to apply for additional grants for further works once first grant completed dependent upon available funds and limited to a maximum of $5,000 per property.
- Remove the payback clause if the property is sold as the property still retains a relationship with the street scene or public open space.
- Retain the non-demolition and non-relocation clause in the policy with an added payback requirement .
- A three year review of the Fund to evaluate success and report to the Council.

(c) Fund allocation to be determined by the Community Boards with the fund allocated between the eight Community Boards who can determine applications throughout the year by altering the policy and process to:-
- Allow decisions on grants to be taken at Community Board level.
- Allow applications to be submitted throughout the year.
- Allocation of fund to Community Boards is based on the number of pre-1945's houses in each ward.
- Increasing potential grant funding for each application to 10 per cent – 20 per cent (maximum $5,000) at the discretion of the Community Board.
- Allow 11 months from offer of grant for completion of works.
- Remove the payback clause if property sold as property still retains relationship with street scene or public open space.
- Retain the non-demolition and non-relocation clause in the policy with an added payback requirement.
- A three year review of the Fund to evaluate success and report to the Council.

ASSESSMENT OF OPTIONS

The Preferred Option - Option C

49. Each Community Board will be given a share of the overall Character Housing Maintenance Grant Fund to allocate to applicants of properties located within their ward. The share of the fund will be based on the number of residential properties within their ward built before 1945 (source: *Christchurch City Council Valuation Hub Database,*

The Community Boards will take responsibility for decision making for Character Housing Maintenance Grants in their ward based on the policy guidelines.

(a) Applications can be submitted throughout the year and taken before the relevant Community Board for a decision on the quantum of grant funding dependent upon available funds.

(b) Increasing potential grant funding for each application to 10 per cent – 20 per cent (maximum $5,000) at the discretion of the individual Community Board on the merits of each application.

(c) Applicants be permitted 11 months from approval of the grant to complete works and uplift the grant.

(d) Allow applicants to apply for additional grants for further works once first grant completed dependent upon available funds and limited to a maximum of $5,000 per property.

(e) Retain the non-demolition and non-relocation clause in the policy with a payback requirement.

(f) Remove the payback clause if the property is sold as the property still retains a relationship with the street scene or public open space.

(g) A three year review of the Fund to evaluate success and report to the Council.

	Benefits (current and future)	Costs (current and future)
Social	Community Board take responsibility for allocation of grants within their ward and support promotion of this grant scheme.	Potential for inconsistent application of the guidelines and grant approvals.
Cultural	Continuity of sense of place and community through reduction in loss of older housing.	
Environmental	Community Boards can promote improved amenity and character for streetscapes within each of their wards.	
Economic	Equitable distribution of funds across the city. Sustainable maintenance of a broader city housing stock. Expected to result in improved allocation and uplift of grants.	Reduces administrative complexity with simplified process. Will involve an accrual of funds for grants not uplifted within financial year.

Extent to which community outcomes are achieved:

Aligns with Liveable City outcomes
Contributes to a Cultural City

Impact on the Council's capacity and responsibilities:

Improves the Council's contribution to the community and neighbourhood identity in a consistent process for improvements to local residential streetscapes.

Effects on Maori:

Not applicable.

Consistency with existing Council policies:

Improved consistency with Heritage Incentive Grant Fund Process.

Views and preferences of persons affected or likely to have an interest:

The process allows more direct input by the Community Boards into applications within their own ward area. This report seeks feedback from the Community Boards on the revised process.
Addresses feedback from applicants and the Grants Panel on the current process.
No extra administrative work for Community Boards but retains administrative tasks currently undertaken by the Strategy and Planning Group.

Other relevant matters:

This brings the Character Housing Maintenance Grants process more in line with Community Board initiatives to promote positive outcomes for their ward.
The focus remains on the retention of older character houses which make a contribution to the local streetscape and identity of the residential area through their street presence as perceived by the local community.

Maintain the Status Quo (if not preferred option) – Option A

50. The Community Boards recommend applications to the Character Housing Grants Panel who consider and determine grant approvals. A new review clause is added to allow for a three year review of the grant scheme.

	Benefits (current and future)	**Costs (current and future)**
Social	Community Boards retain their input into the decision making process via the Grants Panel.	
Cultural	Continuity of sense of place and community through reduction in loss of older housing.	Limited success of current policy and process to date.
Environmental	Shared responsibility between Community Boards for improved amenity and character for streetscapes across the whole city.	Limited success of system to date with poor awareness of the grant scheme.
Economic	Sustainable maintenance of a broader city housing stock.	Administrative complexity and high costs when compared to limited success of policy and process so far. Limited allocation of fund and uplift of grants.

Extent to which community outcomes are achieved:

Alignment with community outcomes for a Liveable City.
Contributes to a Cultural City

Impact on the Council's capacity and responsibilities:

Maintains the Council's contribution to the community and neighbourhood identity in a consistent process for improvements to local residential streetscapes.

Effects on Maori:

Not applicable.

Consistency with existing Council policies:

Some conditions of the grants are more onerous than the Heritage Incentive Grants Fund and process more complex.

Views and preferences of persons affected or likely to have an interest:

Community Boards to retain a limited influence over grants within their ward. Applicants feedback on current process will not be addressed.

Other relevant matters:

The focus remains on the retention of older character houses which make a contribution to the local streetscape and identity of the residential area through their street presence as perceived by the local community.

Continue with the Character Housing Maintenance Grants with minor amendments to Policy and Process. – Option B

51. To make minor changes to the existing policy and process by:
    (a) Increasing potential grant funding for each application to between 10 per cent to 20 per cent (maximum $5,000) at the discretion of the Grants Panel.
    (b) Allow applications to be submitted twice a year dependent upon available funds.
    (c) Require the Grants Panel to sit twice a year.
    (d) Allow 11 months from offer of grant for completion of works.
    (e) Allow applicants to apply for additional grants for further works once the first grant has been uplifted and dependent upon available funds.
    (f) Remove the payback clause if the property is sold as the property still retains a relationship with the street scene or public open space.
    (g) Retain the non-demolition and non-relocation clause in the policy with a payback requirement.
    (h) A three year review of the Fund to evaluate success and report to the Council.

	Benefits (current and future)	**Costs (current and future)**
Social	Community Boards retain their input into the decision making process in a similar way to previous process but now biannually.	
Cultural	Continuity of sense of place and community through reduction in loss of older housing	
Environmental	Shared responsibility between Community Boards for improved amenity and character for streetscapes across the whole city.	
Economic	Will enable a more flexible process for applicants to apply for and to uplift grants. Will improve allocation and uplift to a limited degree.	Will double the administrative process and the time involvement for the Community Boards and Grants Panel. Will involve an accrual of funds for grants not uplifted within the financial year.

Extent to which community outcomes are achieved:

Alignment with community outcomes for a Liveable City.
Also contributes to a Cultural City.

Impact on the Council's capacity and responsibilities:

Greater commitment to scheme with biannual process shows a greater commitment to enhancing residential identity and amenity.

Effects on Maori:

Not applicable.

Consistency with existing Council policies:

Emphasis on local and Community Board participation.

Views and preferences of persons affected or likely to have an interest:

Greater input from Community Boards and Grants Panel as process will need to undertaken twice a year and will address some of the feedback from applicants and Grants Panel.

Other relevant matters:

The focus remains on the retention of older character houses which make a contribution to the local streetscape and identity of the residential area through their street presence as perceived by the local community.