

## 15. HERITAGE INCENTIVE GRANTS POLICY

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### PURPOSE OF REPORT

1. The report proposes that the Council replace paragraph 8.1 of the Heritage Conservation Policy 1998 (including all amendments subsequent to its adoption) with an updated paragraph. This update provides clarity, transparency and improved operational guidelines to ensure more consistent and effective policy application. It does not change the intent, eligibility or approval process.

### EXECUTIVE SUMMARY

2. The Heritage Conservation Policy 1998 included a general provision for heritage grants for heritage properties listed in the City Plan. The operation of this policy provision has developed since that time, and the 1998 document was revised in 2002 and 2006 in relation to grants including to extend the scope of the heritage grants to include properties in the Banks Peninsula territorial area.
3. The Council resolved on 7 June 2007 and again on 20 December 2007 that delegated authority be given to the Heritage Covenant Officers Subcommittee for the approval of Heritage Incentives Grants of up to \$50,000. The effect of this delegation is that the Council has retained the power to grant approvals greater than \$50,000 (refer to paragraph 26 of the agenda item on the Heritage Covenant Officers Subcommittee).
4. This proposed revised grants policy provision has been developed to reflect and document current practice for the assessment and administration of the Heritage Incentive Grants and to provide more explicit guidance to decision-makers and applicants regarding the application, approvals and payments from the Incentive Grants funds. It does not change the intent, eligibility or approval process.
5. Prior to reviewing the policy, an external audit of current financial and administrative practice of the grants programme was undertaken by PriceWaterhouseCoopers and the recommendations from that review have been implemented and incorporated into the revised policy and administrative processes. The need to fully document the heritage grants decision making process was identified. This update of the policy provision is in part a response to that recommendation.

### THE REVISED POLICY (ATTACHMENT 1)

6. The proposed Policy provision applies to the Heritage Incentive Grants which rely on operational funding to assist the owners of listed heritage properties for the maintenance and conservation of the property. There are four sections to the policy provision:

#### Section 1 Introduction

7. This provides the context for the heritage conservation policies. A policy map is provided to identify and relate all current or proposed policies heritage. The Heritage Incentive Grants Policy statement is included in this section.

#### Section 2 Operational Guidelines

8. The Operational Guidelines provide detailed directions on the operation and application of the policy. One of the most important objectives was to clarify the identification of the scope of works for grant funding, criteria for approvals, grant application and payment procedures.

#### Section 3 Terms and Conditions

9. This section provides general terms and conditions to be considered for specific applications .

#### Section 4 Definitions

10. This section provides a glossary of definitions, which would be applicable to all revised heritage policies. The definitions are consistent with the proposed heritage plan change definitions.

## **Consideration of Grant Repayment**

11. The Council at its meeting of 20 December 2007 discussed the option for re-payment of grants when a property was on-sold. This option has not been included in the proposed Heritage Grants Incentive Policy provision update as the grant is for the purpose of ensuring the continued protection and use of the building regardless of ownership. This is discussed more fully below.

## **FINANCIAL IMPLICATIONS**

12. The Policy operates within the financial provision of the Annual Plan.

### **Do the Recommendations of this Report Align with 2006-16 LTCCP budgets.**

13. Yes, heritage incentive grant funding is provided in the 2006-16 LTCCP.

## **LEGAL CONSIDERATIONS**

### **Legal Requirements under the LGA for consultation.**

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

14. Consideration has been given to the matter of consultation. On the basis that the proposed changes to the Heritage Conservation Policy involve internal administrative processes only, the Legal Services Unit has advised that public consultation is not required. The criteria for applying for and receiving grant monies remain the same.
15. The people within the Council who deal with incentive grants, including the Heritage Grants Officer Subcommittee, have been consulted during the development of the operational guidelines, which had previously been reviewed by external advisors.

## **ALIGNMENT WITH LTCCP AND ACTIVITY MANAGEMENT PLANS**

16. The Heritage Incentive Grants Scheme and associated policy requirement to covenant properties receiving Incentive Grant funding of \$5,000 or more is aligned to the Community Outcome 'An Attractive and Well-designed City'. This provides for, among other things, ensuring "our lifestyles and heritage are enhanced by our urban environment". The requirement for Conservation Covenants is determined by the grant quantum, which stems from the Heritage Conservation Policy under the outcome.
17. One of the objectives under the Strategic Direction 'Strong Communities' provides for "protecting and promoting the heritage character and history of the city" (Goal 7, Objective 4).
18. 'City Development Activities and Services' aims to help improve Christchurch's urban environment, among other things. One activity under City Development provides for Heritage Protection. Heritage Incentive Grants and Conservation Covenants are non-regulatory mechanisms aimed towards achieving this end.

### **Do the recommendations of this report support a level of service or project in the 2006-16 LTCCP?**

19. Yes. The measure is heritage awareness. The most recent survey (2006) showed 68% of the population were satisfied with Council's Heritage activity

## **ALIGNMENT WITH STRATEGIES**

### **DO THE RECOMMENDATIONS ALIGN WITH THE COUNCIL'S STRATEGIES?**

20. Alignment of the requirement for Heritage Incentive Grants and Conservation Covenants stems from the Heritage Conservation Policy which in turn is relevant to:

### **Greater Christchurch Urban Development Strategy (UDS)**

Heritage development projects provide opportunities for increased commercial and residential activity in the City while at the same time enhancing the heritage townscape. The UDS considers heritage as an integral part of Christchurch and an aspect of growth management provided for is through the protection, maintenance and enhancement of heritage.

### **Christchurch City Plan**

Heritage redevelopment projects are consistent with the Heritage provisions of the City Plan: Volume 2, Section 4, City Identity, Objective 4.3 Heritage Protection provides for objectives and policies in relation to Heritage protection. It recognises that Christchurch is a cultural and tourist centre, a role mainly dependent on its architectural, historic and scenic attractions. Much of its distinctive character is derived from buildings, natural features, other places and objects which have over time, become an accepted part of the cityscape and valued features of the City's identity ... Protection of heritage places includes cultural, architectural, ... areas of character, intrinsic or amenity value, visual appeal or of special significance to the Tangata Whenua, for spiritual, cultural or historical reasons. This protection may extend to include land around that place or feature to ensure its protection and reasonable enjoyment. A heritage item may include land, sites, areas, buildings, monuments, objects, archaeological sites, sacred sites, landscape or ecological features in public or private ownership.

### **Central City Revitalisation Strategy**

Inner city Heritage improvement projects are consistent with the vision for the Central City to cultivate a distinct identity that is unique to the city's environment and culture. This strategy places particular emphasis on the heritage of our Central City; the Central City contains over half of the city's entire heritage assets. The projects will also contribute towards improving the visual amenity and uniqueness of the Central City, which will enhance revitalisation objectives.

### **New Zealand Urban Design Protocol**

Heritage projects improve the quality and design of the urban environment by protecting the heritage of the city, which is stated in the Protocol as being an attribute of successful towns and cities. The Limited Covenants will contribute towards the implementation of the New Zealand Urban Design Protocol of March 2005 of which the Council is a signatory body.

## **CONSULTATION FULFILMENT**

21. N/A

## **STAFF RECOMMENDATION**

It is recommended that the Council resolves as follows:

- (a) To delete paragraph 8.1 of the Heritage Conservation Policy 1998 (including all amendments subsequent to its adoption).
- (b) To replace paragraph 8.1 with the attached proposed Heritage Incentives Grant provisions in the attached form (as amended, if appropriate, by resolution (c) below).
- (c) If Recommendation (b) of the Heritage Covenant Officers Subcommittee report is adopted and the Heritage Covenant Officer Subcommittee is discharged and the recommended new Heritage Grants and Covenants Subcommittee is constituted then references in the Heritage Incentive Grants provisions referred to in paragraph (b) of this resolution to the "Heritage Covenant Officer Subcommittee" shall be deemed to be references to the "Heritage Grants and Covenants Subcommittee".

## **BACKGROUND**

22. The assessment and administration of the heritage incentive grants programme has been the subject of a recent internal and external review process. The policy development incorporated in the proposed Heritage Conservation Policy has been an essential part of this process, ensuring that decision-making for heritage grant approvals by both the Heritage Covenant Officers Subcommittee and Council is open and transparent.
23. The review and proposed recommendations related to the re-structure of the of the Heritage Covenant Officers Subcommittee also considered in this Council agenda are therefore complementary to this Policy provision and should be read in conjunction with the updated Heritage Incentive Grants Policy provisions.
24. In addition the following initiatives and analyses, which have been completed or are in process, are intended to provide a wider strategic context with regard to future consideration of heritage grant funding:
25. An external audit by PriceWaterhouseCoopers of the complete heritage grant processes, including funding forecasting, recording, and reconciliation, and the documentation and procedural tracking of grant assessments, approvals, and payments. This audit was completed and recommendations implemented in August/September 2007, apart from the adoption of the updated Heritage Incentive Grants provisions.
26. The development of registered heritage conservation covenants or other legal instruments as a requirement of the incentive grants programme to ensure the continued protection of heritage properties. This includes assessments of application consents under the covenants as appropriate and approvals for Conservation Plans where these are a requirement of the conservation covenant.
27. A review of the historical uses of the heritage grants, in particular in relation to Building Code Compliance requirements and of the heritage provisions of the Council's Earthquake Prone Buildings Policy. This includes the identification and financial analysis of overall Building Code Compliance costs for Christchurch heritage building stock. This analysis indicates that around 60% of grant funding is utilised for building code compliance (earthquake strengthening, fire, etc), rather than for the retention of heritage fabric.
28. A review of the order of additional costs, Building Code Compliance, rate of building depreciation and maintenance costs, development constraints and lost development opportunity costs where retention of a heritage building is to be considered in comparison with demolition of the heritage building and replacement by a new building. The amount of the heritage incentive grants in relation to overall development costs has also been investigated and is typically 5-8% of total project costs.
29. Consideration of the economic benefits through cultural tourism for Christchurch and the multiplier effect of the visitor grant dollar on retention of Christchurch and Banks Peninsula heritage buildings and streetscapes. 29% of visitors stated that Christchurch's unique history and heritage contributed to visitors decision to visit. Visiting historic buildings was in the top six specific activities identified in the survey (Regional Visitor Monitor 2005-07). The added value of tourism for Christchurch in 2005 was estimated at \$19 million per annum.
30. Consideration in future residents' surveys of the perceived contribution that heritage retention has on the communities' sense of City identity as a cultural benefit.

## **CONSIDERATION OF GRANT REPAYMENT**

31. Grant repayment has not been given further consideration as a requirement of the Council Heritage Incentive Grants provisions for the following reasons: -
32. The heritage grant is for the purpose of ensuring the protection and continued use of the building, no matter who is the owner at any particular time.

33. A major use of the grants is to meet Building Code compliance. If this cannot be met with retention of the building through grant assistance, then there is a high risk of demolition.
34. The re-development of heritage buildings, and in particular central city buildings are relatively high risk ventures where the level of risk is difficult to determine at the outset of a project. The additional constraints involved in heritage building re-development, means that in many instances a commercially cautious approach is taken through the demolition and re-placement with a new building in favour of heritage retention.
35. Re-development of a heritage building is more sustainable than the construction of a new building.
36. The leverage provided by grant assistance to an owner or developer increases the possibility of retention of a heritage building rather than demolition.
37. The grant dollar is a very small percentage of the total project costs of redevelopment (typically around 5%), but the leverage value of the grant dollar, from anecdotal information, is considerably greater than the actual cost in promoting retention.
38. Re-development of heritage buildings, particularly in the central city, is carried out by developers whose intention is predominately to complete and on-sell the project. Re-payment of a grant under these circumstances of on-selling would substantially compromise the willingness of developers to undertake heritage retention.
39. All grants of \$5000 and over require a heritage conservation covenant or other legal instrument of which one condition (at the discretion of the Heritage Officers Covenant officers Subcommittee) is for full or partial re-payment (including interest) of the grant if the recipient fails to comply with the requirements of the covenant.
40. The benefits of heritage building retention through grant assistance provide considerable value in increasing community and city identity.
41. The benefits of heritage building retention contribute to the promotion and branding of the city to visitors should be recognised as having a direct economic benefit to the city and the community.
42. The introduction of such a provision for heritage grant re-payment other than through the conservation covenant condition would therefore be considered as counter-productive for heritage retention. The current covenant condition for repayment is an area for concern for a number of potential grant applicants.

#### **THE OBJECTIVES**

43. The objectives are to maintain Heritage buildings as links from the past for present and future generations through non-regulatory means by the way of heritage incentive grants, to assist and enhance the sense of place, sense of identity, the character of Christchurch City and to encourage income-generating tourists to these places of interest.