

4. HERITAGE DEVELOPMENT GRANTS

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The purpose of this report is to consider the recommendations of the Strategy and Resources Committee meeting of 18 June 2001 with respect to the Heritage Development Rates Relief Grants on Commercial Heritage Buildings. (Refer attachment).

BACKGROUND

As noted in the attached Committee report, the Council at its March 2001 meeting adopted the recommendation of the Annual Plan Working Party:

“That the Director of Business Projects and Relationships, in consultation with the Director of Finance report on a method by which an annual grant, equivalent to the increased rating income from a redeveloped heritage building, could be made to eligible owners for a specified period, of, say, five years.”

It was reported to the Strategy and Resources Committee meeting of 18 June 2001 that “The grants would be the equivalent to the increase in the City Council rates for 5 years. The increase is the consequence of the development work, it makes the building more useful and hence more valuable. The increase in the recorded value causes rates to increase which in itself is a disincentive to improvement. Therefore it is proposed that a process of grants be implemented to encourage the redevelopment of heritage buildings.”

Policy 8 of the Council’s Heritage Conservation Policy (1999) notes:

“The Council’s general rates remission policy provides some rates relief on buildings used by the public, non-profit making groups for games or sports, health education or instruction, or the arts. Churches Schools or charitable institutions generally have a non-rateable status under the rating legislation and are liable for some separate rates only. Churches are granted additional rates relief under the Council’s rates remission policy. Although no specific provision is made for rates relief for heritage buildings, those used for the above purposes are eligible for the rates relief set out under these general provisions.”

- The impetus for the consideration of such a policy came from the Central City Mayoral Forum and Central City Revitalisation Core team and requests from a number of commercial ratepayers who have asked Council to consider granting rates relief where the ratepayer:
- Owns a listed heritage building which is rated Commercial / Industrial
- Enters into a plan of redevelopment aimed to both enhance the use of the building and preserve the heritage features
- The improvements made cause an increase in the Capital Value when substantial completion of the development has occurred
- The following year rates are levied in the new capital values
- The ratepayer considers the increased rates to be a disincentive to the development plan.

The Strategy and Resources Committee recommendations are as follows:

1. That the Heritage Development Grants scheme be approved in principle and be referred to the Environment Committee for the development of the application and selection criteria.
2. That the Environment Committee report back to the Strategy and Resources Committee with its recommendations for the scheme.
3. That the funding for the scheme be included in the draft 2002/2003 Financial Plan and Programme
4. That the scheme terminate for new applications no later than 30 June 2004 unless the Council agrees to the contrary.

DISCUSSION

The recommendation of the Strategy and Resources Committee is that the scheme shall run for a trail period of three years after which it will be reviewed.

In any consideration of the criteria for this policy, consideration should be given to the current Heritage Retention Incentives Policy (1999) in order that a consistency of both conditions and criteria are maintained.

The grant would be made from Heritage Development Grant budget to be created under the City Heritage Advice Output. The budget increase would be matched by an equal increase in the rating base growth.

Below are draft criteria and conditions that could be considered:

CRITERIA FOR APPLICATION

- Buildings eligible for consideration of the rates relief grant must be listed in Appendix 1, Section 10, Volume 3 of the City Plan.
- The scheme will be limited to the restoration, conservation and adaptive reuse of commercial and industrial buildings within the four avenues only to meet Central City Revitalisation objectives
- Submission of a completed plan of development which involves a building consent and resource consent for the bulk of the work / expenditure (it is only following a building consent that the improvements are recognised for rating valuation)
- Eligibility will be limited to developments with a building consent with a value greater than \$50,000
- Proposed work must both enhance the use of the building and preserve the heritage features and meet standards as defined by the ICOMOS (NZ) Charter
- Proposals seeking to retain facades only will not be eligible
- Owners with a development plan underway or commenced in the 2001 calendar year will be eligible for the grant provided the project meets the required criteria and conditions of the grant policy.

CONDITIONS

- Rates relief will be limited to a five year period only
- That the application has been received and approved in advance of the development commencing
- That the proposal has been granted any required Council consents
- The work is completed in accordance with the approved application including that under the required Council consents
- That a conservation Covenant be placed on the title to ensure the long term retention of the building.
- The improvements made cause an increase in the Capital Value when substantial completion of the development has occurred
- That the project has had the Improvements portion of the Rateable Value increase following substantial completion of the development (this is the time Council amends the values of property following completion under a building consent)
- Have a rate increase in the rating year following the changes to the valuation
- Payment of the grant will commence after satisfactory completion of the work, a site visit by a heritage planner and the supply of invoices or professional certification.
- The approved grant will commence in the year the rates rise
- The grant will be made to the owner in each year for five years equal to the rate increase that comes from the improvements value increase that occurs following the substantial completion of the works and results from those works, not as a result of a general rate revaluation.

Recommendation: That the Environment Committee:

1. Consider and approve the Criteria and Conditions and report back to the Strategy and Resource Committee with recommendations for the scheme.
2. Recommend a change to the Heritage policy to include the grant scheme once approved by Council.

Chairman's

Recommendation: For discussion.