

STATES OF JERSEY



SITES OF SPECIAL INTEREST AND BUILDINGS OF LOCAL INTEREST: FINANCIAL IMPLICATIONS – REPORT

**Presented to the States on 2nd April 2007
by the Minister for Planning and Environment**

STATES GREFFE

REPORT

Background

This report has been prepared in further response to Proposition P.166/2004 lodged by the Deputy of St. John on 28th September 2004 and a subsequent question submitted by Senator Norman on 16th May 2006. The original proposition sought to establish the additional financial burden, if any, that the owners of Registered and Listed buildings faced as a consequence of these buildings being added to the List of Sites of Special Interest or the Register of Buildings and Sites of Architectural, Archaeological and Historical Importance.

Economics of conservation

The premise of the original proposition was that the Registration or Listing of a property imposed an additional financial burden on property owners because of the higher building costs involved in using particular materials or craftsmanship: such specific requirements being generated by the requirement to maintain or enhance the architectural or historic character or appearance of the property as part of its ongoing repair and maintenance.

In examining this matter a simple comparison of the unit cost of ‘modern’ versus ‘historically authentic’ materials is not considered to be particularly valuable or helpful. It is evident that a slate roof tile costs more than a cement one and that the craftsmanship involved in making timber sash windows is more expensive than the manufacture of a PVCu window frame. What is more useful, however, is an examination of the relative whole-life costs of the running, repair and maintenance of older buildings compared with the same for more modern buildings: this provides a more robust, comprehensive and meaningful assessment.

An English Heritage report (Heritage Counts, 2003^[1]) employed sophisticated methodologies involving a team of architects, quantity surveyors and mechanical and electrical engineers to project the cost of maintaining and occupying 3 houses of a similar size in England – one house was Victorian; one was built in the 1920s and the other in the 1980s – over a 100 year period. Costs were calculated on a like-for-like replacement or repair basis and also included an assessment of factors such as heating and propensity to damp, often associated with older housing. The study addressed 5 main areas of cost of maintenance and occupation, including decoration, building fabric, services, utility costs and insurance.

The findings of this research demonstrated, contrary to a widely held view, that older housing actually costs less to maintain and occupy over the long-term life of the dwelling than some more modern housing. The report stated that “largely due to the quality and life-span of the materials used, the Victorian house proved almost £1,000 per 100 sq.m. cheaper to maintain and inhabit on average each year than a property from the 1980s. Construction features such as a slate roof, quality softwood double hung sash windows and cast-iron rainwater goods fared much better than concrete tile roofs, poorer quality softwood windows and PVCu rainwater goods typically used on 1980s dwellings”.^[2]

Table one: Annual maintenance and occupancy costs per 100 sq.m. of internal floor area

Age of dwelling	Cost
Victorian house	£2,648
1920s house	£3,112
1980s house	£3,686

Source: English Heritage (2003) *Heritage Counts 2003*

Taking the whole-life costs of maintaining property demonstrates that the conservation of well-built historic properties offers value for money over the long term and dispels the myth that older properties are necessarily more costly to maintain. It also suggests that it is the quality of materials – used in the original construction and repair of buildings, both historic and modern – that are critical over the longer term. Evidently, therefore, the construction of a modern dwelling built to current building bye-law standards with material of high quality, would

likely be more economically efficient.

Over and above the question of simple maintenance, English Heritage has undertaken research to provide evidence that refurbishment and ongoing maintenance of historic properties is also more cost-effective than demolition, rebuilding and the subsequent ongoing maintenance of a modern house.^[3]

The environmental sustainability of the conservation is also a relevant consideration within the context of the local and global environment. The current building stock represents a substantial investment of capital and energy derived from the production, construction and distribution of materials such as bricks, cement and metals. The energy produced from non-renewable sources consumed in building services accounts for about half of the UK's emissions of carbon dioxide and over 90% of non-energy minerals extracted in Great Britain are used to supply the construction industry with materials. Yet each year some 70 million tonnes of construction and demolition materials and soil end up as waste in the UK^[4] which, in 2003, amounted to 24% of total UK annual waste^[5]. In Jersey, 70% of solid waste disposed of at La Collette is derived from the construction activity, amounting to some 230,000 tonnes^[6].

As a society, where the threat of global warming is increasingly apparent, there is an imperative to seriously examine the real energy costs involved in repairing and maintaining the fabric of existing buildings relative to the option of demolition and rebuild when looking at the financial implications of the maintenance and repair of historic buildings.

Value of historic buildings

The perception that older properties are more costly to maintain also needs to be considered against the context of their sale and resale value and their popularity as a desirable places to live or work: evidence suggest that older properties score highly in both respects.

Research undertaken by the Investment Property Databank in the UK has determined that registered offices in the UK tend to have higher rents, with higher total returns than non-registered offices indicating that 'there is a prestige value to registered buildings'^[7].

A 2002 MORI survey^[8] of owners and residents of UK listed buildings sought to gauge their enthusiasm for the listed status of their dwellings: Of the 300 people questioned, 60% said that, taking everything into account, the listing of their property was a 'very good' or 'fairly good' thing; only 4% saw it as a 'very bad' thing. This may be reflected in the property premium that is associated with living in an older dwelling which is evident from the findings of research (see table 2). This research undertaken by the Nationwide Building Society^[9] illustrates the price differential of properties by age, comparing the price of historic houses with their modern counterparts and reveals that there is a premium for older houses. It is concluded that this premium is a reflection of the relative scarcity of older, historic property together with the prestige associated with living in an older house.

Table two: The Property Premium

Period when built	Value added
1000-1500	20%
1500-1558	31%
1558-1603	32%
1603-1660	34%
1660-1714	24%
1714-1837	18%
1838-1901	8%
1901-1919	4%
1919-1945	8%
1945-1959	12%
1960-1969	-3%

1970-1979	3%
1980-1989	-2%
1990-1999	–
2000-2002	2%

Source: Nationwide Building Society (2003) *What Adds Value*

Recent informal enquiries of the Royal Institute of Chartered Surveyors (RICS) have suggested that for domestic buildings in good repair, registered or listed properties are likely to attract a premium of at least 5% or more over non-registered or non-listed buildings: and that this general statement is applicable in both the UK and the Channel Islands^[10].

It is thus considered reasonable to draw the conclusion that a registered or listed building, by virtue of its age and scarcity, is likely to be of added value to its owner in terms of its capital value and resale, and that it therefore makes economic sense to retain the property in good repair and order to protect and enhance its historic character and this associated additional value.

It is acknowledged that the purchase of an older property – that has *not* been appropriately maintained and repaired – may confer some additional financial liabilities upon purchasers. It is important to recognise, however, that the purchase price is likely to have reflected any such maintenance liabilities to some extent and that, whilst an additional financial burden in the short term, expenditure on high quality maintenance and repair can be beneficial over the longer term in relation to both running costs and resale value, and thus has the potential to represent a sound investment.

Cultural capital and intrinsic value

The value of historic built environment – and the cost of maintaining it – should not just, however, be viewed solely from the perspective of the individual owner or occupier of registered or listed buildings, but regard also needs to be had to the wider public benefit – both to the economy and the community – that the historic built environment brings.

Historic buildings contribute much to the character, identity and sense of place of a community – and there are many iconic buildings in Jersey which contribute to this, such as grand ‘public’ buildings, of which Mont Orgueil and the Central Market are good examples. But the smaller, often privately owned, buildings which form the backdrop to our daily lives are equally important in imbuing this sense of character and place: granite farmhouses and cottages, Victorian townhouses and Regency terraces are equally significant in this respect. All of these buildings contribute to the image, identity and character of Jersey as well as evoking a sense of continuity and quality.

As a source of memory and continuity, the built heritage plays a critical role in the cultural identity of a population^[11] and contributes to social cohesion and civic pride. Several studies in the UK^[12] have quantified people’s views on the role of the historic built environment in their lives and communities. And this evidence suggests that people’s lives are richer for having the opportunity to visit and see built heritage, and significantly this included both the houses and places within which we live as well as stately homes, castles and cathedrals. It also identified that the loss of historic buildings could also have severe negative effects on the morale of a community and engender a feeling of powerlessness where redevelopment, involving the loss of historic buildings, lacked public involvement or support.

‘History, heritage and uniqueness’ have also been shown to be significant factors in the tourism offer of destinations for visitors. The Island’s historic built environment clearly plays an important part in this aspect of Jersey’s tourism offer and also has significant potential to maintain and enhance the distinctiveness of the Island’s – and, in particular, St. Helier’s – historic built environment.^[13]

Recognising the value of conservation

The principle that the historic environment is a 'public good' and that whole communities – including both residents and visitors – can derive benefit from the character that is conferred by historic buildings and places, even if they do not directly pay for it, is now widely accepted.

Jersey is also bound to ensure the existence and use of statutory measures to protect the Island's architectural heritage by virtue of its accession to the Convention for the Protection of the Architectural Heritage of Europe (the Granada Convention) in November 1987. The Convention recognises that it is not just buildings of outstanding architectural or historic worth that merit protection, but that more modest buildings are also vitally important. These provide the backcloth to more important monuments, help to create and reinforce local identity and enrich the quality of life.

Jersey meets these requirements through the legislative and policy framework of the planning system which enables the Minister for Planning and Environment to protect the Island's built heritage assets through statutory and policy mechanisms – namely the Planning and Building (Jersey) Law 2002 and the Island Plan 2002. This is manifest through the process of registering and listing buildings and places of architectural and historic importance: Sites of Special Interest (SSIs), which are buildings of high intrinsic value are Listed under the provisions of law and are protected by law and policy; and Buildings of Local Interest (BLIs), which are more modest but are visually important in the local scene and have significance for the local community are defined and protected by policy. Proposed Sites of Special Interest are those buildings recognised as having a high intrinsic value but which are awaiting statutory designation, and are thus protected by policy only.

In the UK, the ethos and regime of protecting and valuing the historic built environment is, perhaps, more mature and developed than in Jersey, albeit that the post-war period has seen the ebb and flow of conflict between the two schools of thought: those who view the historic built environment as something worth saving, and those believing it to be a burden and an obstacle to progress. It is suggested that in recent years, as a more detailed analysis of the economic value of conservation as well as a greater understanding of people's intuitive appreciation of the historic built environment has developed, attitudes have softened, and conservation of the historic built environment has enjoyed a greater acceptance^[14].

Whilst Jersey has perhaps yet to reach this stage, the States decided in 1995 that it was appropriate for public funds to be directed towards the repair and maintenance of historic buildings with the establishment of the Historic Buildings Grant Programme. This programme, which commenced in 1997, has assisted with sympathetic repair and maintenance of over 170 Registered or Listed buildings for the expenditure of over £800,000 to date.

The basis of the scheme's operation is that a grant is awarded to individual applicants at the discretion of the Minister for works on all Registered buildings and is offered towards the repair or reinstatement of authentic historical features. Initially, the grants were only available in relation to designated and proposed Sites of Special Interest, for which a grant was offered at a flat rate of 40% of the cost of eligible works up to £10,000. By statutory designation the interior of any SSI is also protected, therefore interior repair works are also considered eligible.

In 2002 the then Planning and Environment Committee extended the grant scheme to include Buildings of Local Interest (BLIs). The planning policies relating to BLIs are intended essentially to protect their external character and appearance; therefore a grant can only be offered to assist with the cost of repair or restoration of external features. The ceiling for any individual grant offer for BLIs is set at a maximum of 30% of the cost of eligible works up to £7,500.

The grant scheme is audited by the Treasury and applicants are required to follow the procedures set out in the booklet 'Repair Grants to Historic Buildings'. Subject to funds being available, applications are judged on individual merit and any offer is calculated as a percentage of the cost of eligible works. The factors which are taken into consideration when determining an application and an appropriate percentage are –

- the circumstances of the application – for example, is the work likely to proceed at an appropriate standard without grant assistance?
- the situation of the building – prominent buildings, enjoyed by large numbers of passers-by, may attract a

higher level of grant than more secluded buildings;

- the architectural value of the building;
- the extent to which the works enhance the architectural value of the building;
- the extent to which the works contribute to improving the quality or ambience of the wider surroundings.

The current budget allocation for the Historic Building Grant Programme in 2007 is £60,000: the value of funds available to the scheme has fallen since 1997 when it was introduced at the level of £100,000, following successive cuts to the Planning and Environment budget. The 2007 budget allocation is, in February 2007, already fully committed and allocated to individual projects. This limited level of resource is hugely oversubscribed – the Department of Planning and Building Services is aware of eligible projects – which presently cannot be financially supported – with the potential for grant assistance of over £150,000, which excludes new and forthcoming enquiries and applications over the remainder of the year.

On the basis of the lack of available funding, the Department is advising existing and new applicants that they should either delay their projects pending the availability of new or additional funding, or to undertake the work without grant assistance.

Conclusion

It is considered that, on the basis of the above, the financial implications of owning or occupying a Registered or Listed building are, if considered over the long-term, potentially beneficial compared to some more modern properties, and that there is demonstrable value to owners and occupiers in seeking to ensure that historic properties are kept in good order and repair. A critical factor – whether considering the financial implications of modern buildings or old – would appear to relate to the quality of materials and construction.

It is clear, however, that there is also value to the Island – from the perspective of its economy, its social cohesion and community identity – in being able to support the repair and maintenance of historic buildings with financial assistance.

The Historic Building Grant Programme is valuable in this respect, but the level of resource is inadequate. A step change in the funding regime is required. The matter is presently under review in an attempt to identify how this might be brought about within the current constraints on public sector finance.

Even in challenging economic times, investment in the Island's heritage should be seen as an investment in the Island's future.

[1] English Heritage (2003) *Heritage Counts 2003*.

[2] op cit p44.

[3] English Heritage evidence to the public inquiry about Nelson West housing development plans cited in *Heritage Counts 2003* p.45.

[4] Performance and Innovation Unit (UK Cabinet Office) *Resource Productivity: making more with less* (2000) cited in Willie Miller Urban Design (2005) *St. Helier Urban Character Appraisal* p.185.

[5] Defra website www.defra.gov.uk/environment/statistics/waste

[6] 2004 figures cited in Environment and Public Services Committee (2005) *Solid Waste Strategy*.

[7] Cited in Willie Miller Urban Design (2005) *St Helier Urban Character Appraisal* p.182.

[8] Survey of owners of listed building, report by MORI (2002) cited in *Heritage Counts 2003* p.40.

[9] Nationwide Building Society (2003) *What Adds Value* cited in *Heritage Counts 2003*, pp.40-41.

[10] Telephone query to RICS (2006).

[11] Willie Miller Urban Design (2005) *St Helier Urban Character Appraisal* p.180.

[12] MORI surveys in 2000 and 2003 cited in English Heritage (2003) *Heritage Counts 2003: Civic Trust evidence to House*

of Commons, ODPM: Housing, Planning Local Government and the Regions Committee (2004) *The Role of Historic Buildings in Urban Regeneration* cited in *St Helier Urban Character Appraisal* p.181.

[13] Willie Miller Urban Design (2005) *St. Helier Urban Character Appraisal* p.183.

[14] Willie Miller Urban Design (2005) *St. Helier Urban Character Appraisal* p.180.