

LEANZ

Heritage Policy and RMA Reform

LEANZ Fellowship Presentation

Philip Barry
Wellington
November 12, 2025

Introduction

Opening and thanks

Historical and Intellectual context

Introduction

Mandatory heritage designation

My involvement

The Voluntary Heritage Group

Disclosure of interests

John Philpot Curran (1790): *“The condition upon which God hath given liberty to man is eternal vigilance.”*

Contents

1. Framework
2. Is the current heritage system working
3. What is the problem
4. The causes of the problem
5. The experiences in different parts of the country
6. A better approach
7. Conclusions

Framework



Comparative institutional analysis



Market failure:

Externalities – public benefits of heritage



Public failure:

Bureaucratic drive
Lobbying for regulatory takings – a free resource



Private solutions:

Property rights
Private contracting - costly
Relative transaction costs



Aim: align incentives



Facilitate market solutions

The Current System



RMA Section 6: Matters of national importance:

(f) the protection of historic heritage from inappropriate subdivision, use, and development



Heritage NZ

Lists 6,000 properties across the country
Owns 45 properties
Anyone can nominate a property to add to the list – the owner is also consulted
Listing is nominal- in itself it imposes no constraints or duties on the owner



Council policies

It's individual council's policies that matter

- Individual heritage properties
- Heritage areas
- Special character areas

What Does it Mean to be Heritage-Designated?

Practices vary from Council to Council but typically heritage designation means the owner needs to seek a consent to:

Change any part of the exterior of the building as seen from the road

Alter windows and window frames

Change the cladding

Remove an unsafe chimney

Add solar panels

Add an extra story or room

Demolish the building

Develop the property



Obtaining the consent is costly, time consuming and by no means guaranteed

Councils' Policies and Practices



In 2022 VHG surveyed 67 councils: 59 responded to our query focused on individual heritage-designated properties



Councils differ widely in their policies and practices

19 councils do not heritage-list any private properties

10 councils do not list any properties other than HNZ-designated properties

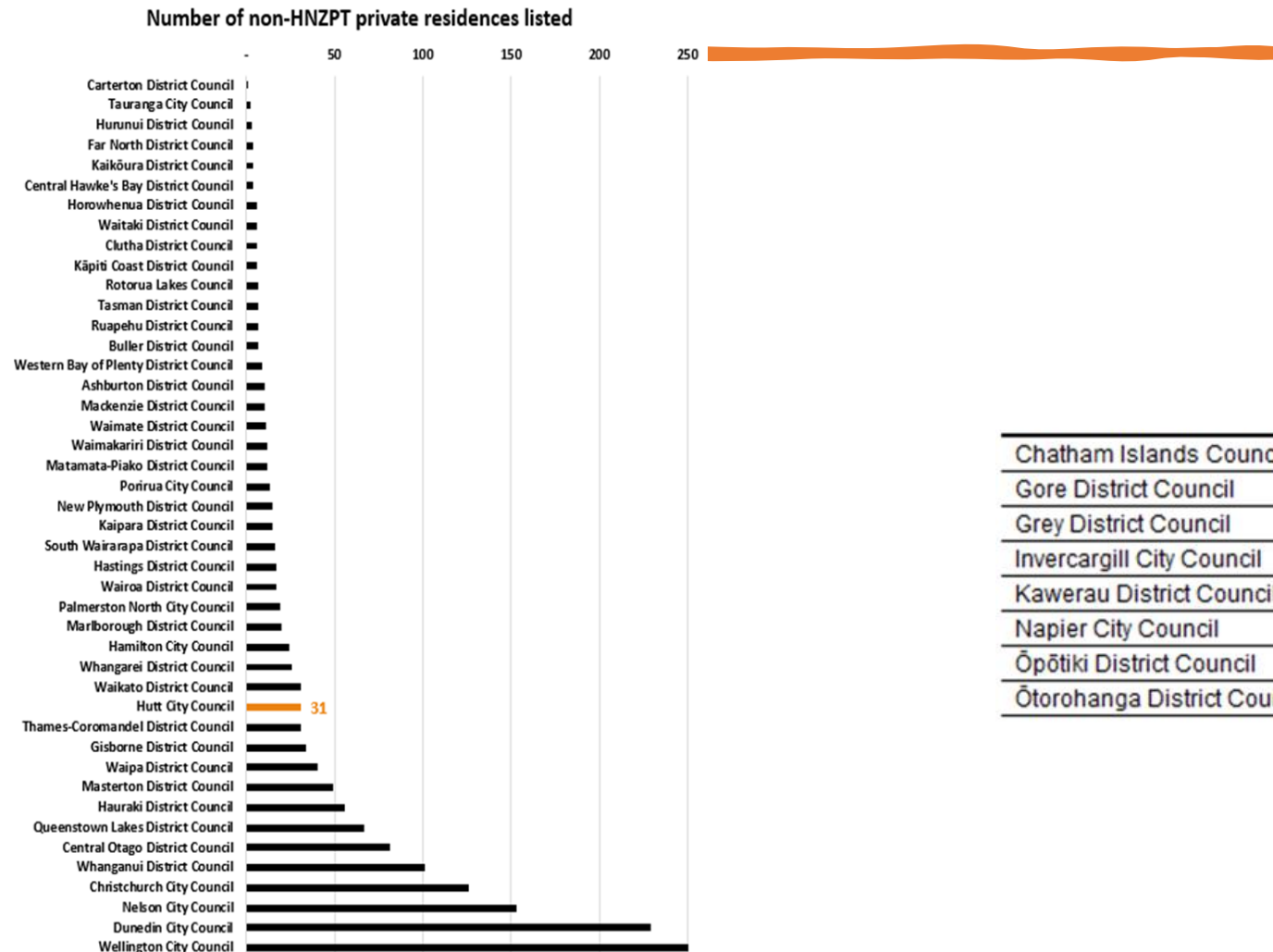
5 councils require owner consent to a listing: Hastings, Hurunui, Ruapehu, Waimate, Waitaki

5 councils list private residential properties, but changes to them are permitted if notice given to the council

9 councils list additional properties, but do not list additional private residential properties

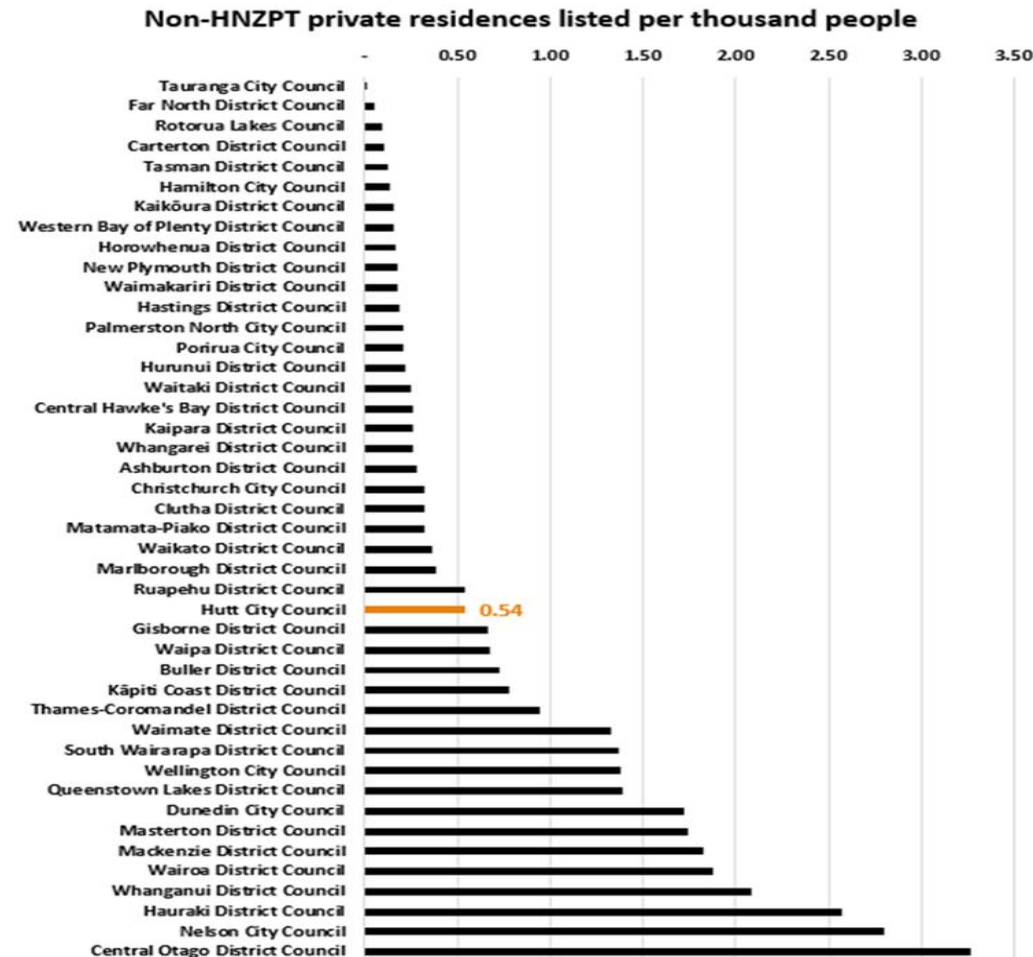
Other councils either mandate heritage designation or are unsure about whether they would need owner consent

Councils' Policies and Practices



Zero private residences listed		
Chatham Islands Council	Rangitīkei District Council	Waitomo District Council
Gore District Council	South Waikato District Council	Westland District Council
Grey District Council	Southland District Council	Whakatāne District Council
Invercargill City Council	Stratford District Council	
Kawerau District Council	Taranua District Council	
Napier City Council	Taupō District Council	
Ōpōtiki District Council	Timaru District Council	
Ōtorohanga District Council	Upper Hutt City Council	

Councils' Policies and Practices



An aerial photograph of a coastal town. In the foreground, there's a residential area with houses and a large yellow industrial building. A river flows through the middle of the town, with a bridge crossing it. To the left of the river is a green golf course. In the background, there are rolling hills and mountains under a blue sky with some clouds.

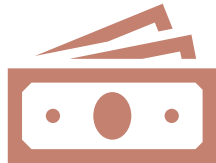
Is the current heritage system working?

- Is it protecting national heritage?
- Is it imposing unnecessary costs on homeowners?
- Is it undermining housing affordability?

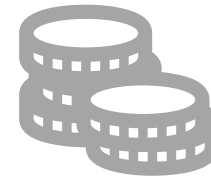
The Problems



The current heritage system is not working well



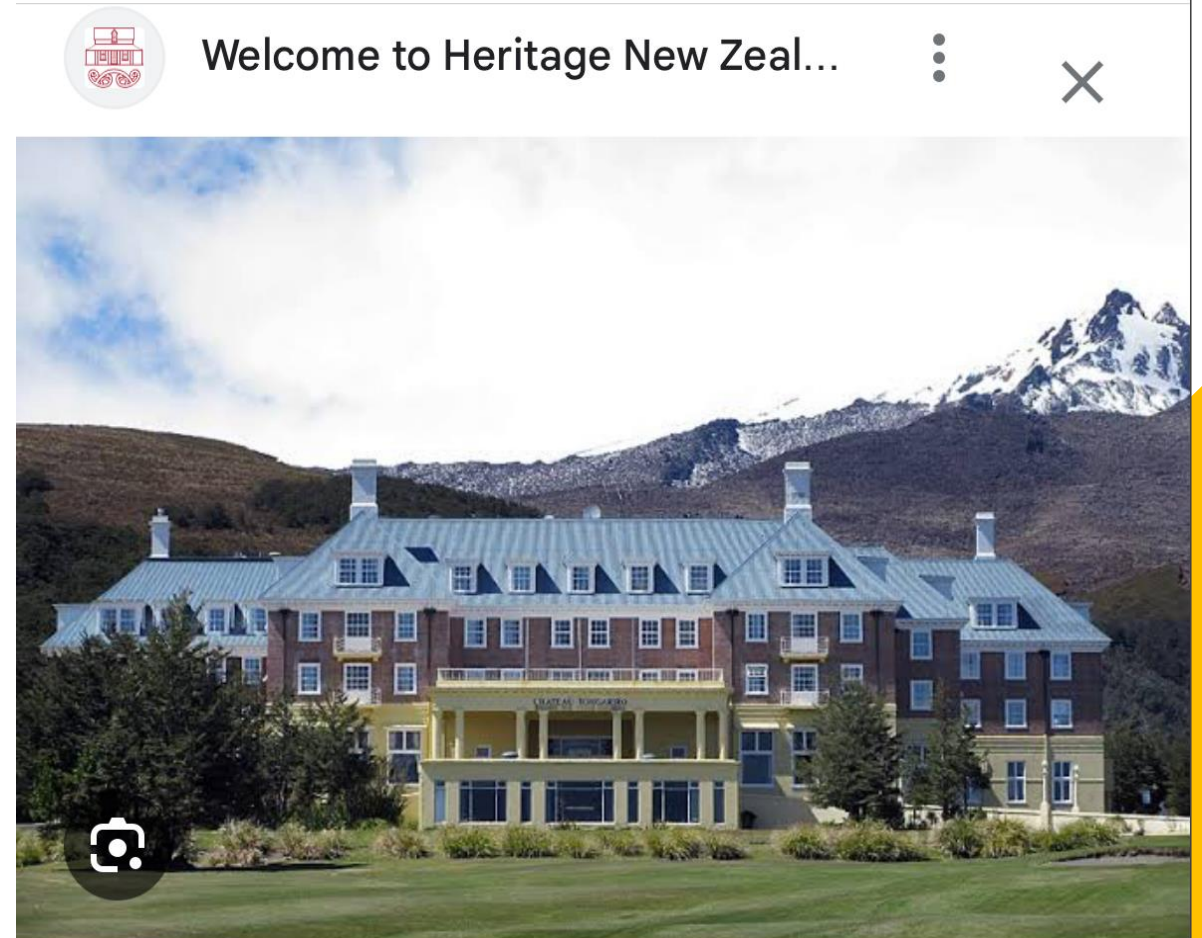
True national heritage is not being protected



Thousands of peoples' homes are being heritage-designated falsely

Our National Heritage is Not Being Well Protected

- Much of our true national heritage is being neglected and falling into disrepair
- Heritage NZ is not adequately funded
- It resorts to regulation
- But regulation without compensation doesn't work



Our National Heritage is Not Being Well Protected



- Much of our heritage is being neglected and falling into disrepair



Our Heritage is Not Being Well Protected

Dixon St flats – boarded up, left
empty and left to rot
- Sold for \$1.04m



COST OF HERITAGE :

Maintenance and repair.

Specialised maintenance and repair work to preserve historic features and materials.

Resource consent.

Changes/alterations require a more expensive, uncertain, and time consuming consent process.

Insurance costs.

Increased cost of insurance due to age and historical features.

Lost opportunity.

Heritage restrictions limit ability to develop or modify the property.

Heritage Designations – the Value Implications

Three key published studies:

1. *“The price premium of heritage in the housing market: evidence from Auckland, New Zealand”*, Bade et al, Land Use Policy 99 (2020)

Approach: Uses a hedonic pricing model to investigate how “heritage” status affects house prices in Auckland, New Zealand

Controls for characteristics such as location, size, age, and market conditions

Uses a dataset of 226,286 sales between 2006 and 2016

Findings: A statistically significant price penalty of around -9.6% for houses protected for heritage

A price premium of around 1.7% for houses neighbouring the heritage designated property

Heritage Designations – the Value Implications

2. *“Making - or Picking - Winners: Evidence of Internal and External Price Effects in Historic Preservation Policies”*, D S Noonan and DJ Kupta, Journal of Real Estate Economics, March 2011

- Approach:** Examine approx. 60,000 homes in Chicago in 1990s
Control for endogeneity (policy-makers picking winners)
- Findings:** In the 2SLS hedonic, estimates of the “own” price effect of historic designation are shown to be large and negative (approx. -27%) for homes in landmark districts.
Properties with objectively higher historic quality sell at premiums. The negative effects are tied to the policy restrictions, not to the historic attributes being preserved.

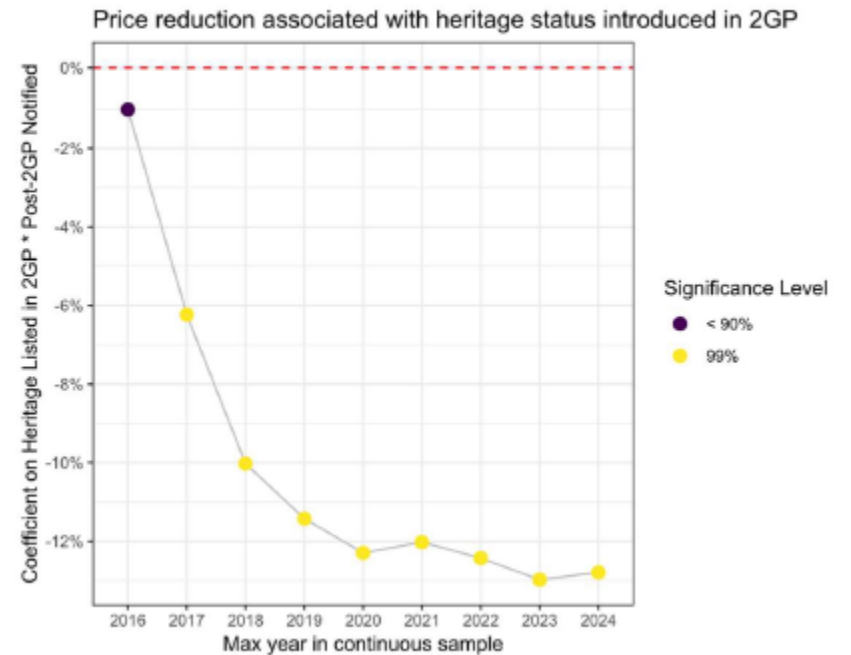
Heritage Designations – the Value Implications

3. “*Economic Impact of Heritage Protections on Selected Properties*”, m.e consulting, March 2025

Approach: Dunedin-wide price-trend analysis to infer the typical price impact associated with heritage scheduling

Findings: heritage designation associated with average real price reductions of around 13% over the medium term

Figure 2 - Plotted Interaction Coefficients



These costs are encapsulated in the likely decline in the value of the homes of 10% to 30% or more.

Real Estate Agents have advised that heritage designated homes are more difficult to sell, and many buyers withdraw interest when they learn it is heritage designated.

Even a 10% value reduction on an average home worth \$1m means a \$100,000 price reduction.

Across 3,000 houses that's \$300m of value lost.



Case Study 1: Hutt City

Currently: 4 heritage areas (approx. 90 homes) plus 114 individual properties heritage-designated

Date	Event
2011	• Council proposed adding approx. 160 properties to its heritage list
2012	• Council backed down • Council decided to only list with owners consent • But the policy never made it to District Plan
2021-22	• New heritage policy
2022-23	• Plan Change 56 (response to Housing Supply Act) proposed six new heritage areas with 350 extra heritage homes • Independent Commission ruled against additional heritage designations
2024-25	• District Plan Change proposed adding another approx. 72 properties to heritage list • Government put all Plan changes on ice

Fake heritage is growing



Independent expert Neil Kemp – a registered architect with over 40 years professional experience



Mr Kemp examined the properties in Hutt PC56 and concluded:

“Hutt City Council cannot rely on the evidence provided by the Council’s expert as it has not demonstrated the areas have significant heritage value.”

“The great majority of the homes in the proposed new areas have been significantly modified over time and are devoid of heritage value.”



73 Hutt Road, Petone.
In the proposed heritage areas (HA-03).



45 Queen Street, Petone.
In the proposed heritage areas (HA-08).



6 & 8 Hector Street, Petone.
In the proposed heritage areas (HA-03).



30 Elizabeth Street, Moera.
In the proposed heritage areas (HA-07).



3 & 5 Bolton Street, Petone.
In the proposed heritage areas (HA-08).



4 Queen Street, Petone.
In the proposed heritage areas (HA-08).



Hardham Crescent, Petone.
In the proposed heritage areas (HA-01).



2 Queen Street, Petone.
In the proposed heritage areas (HA-08).

Case Study 2: Hamilton

In 2023, Hamilton City Council proposed 32 new historic heritage areas (HHAs) containing around 3,000 properties

Minimal and at times no evidence was provided of the properties' heritage values

In a later report, the expert said that he was not given time or resources to do research

But all properties were publicly notified with restrictions including no solid fences over 1.2m

Many were unsaleable as the HHA precluded significant renovation or demolition.

Fake heritage – Acacia HHA, Hamilton



These houses are described as exhibiting “High heritage significance as it is a relatively unaltered example of 1960s/1970s development.”

Fake heritage – Fairfield Rd, Hamilton



- Fairfield Project has about 800 state houses
- Nothing differentiates the selected homes from the rest of 1950s state housing streets in the suburb.

Fake Heritage – Sare Rd, Hamilton



The area is claimed “to exhibit High heritage significance as it is a relatively unaltered example of post-war development. The curving street design moves away from the previously regimented grid street layouts to the post-war free flowing street form which typifies the period.”

Fake heritage – Oxford East, Hamilton

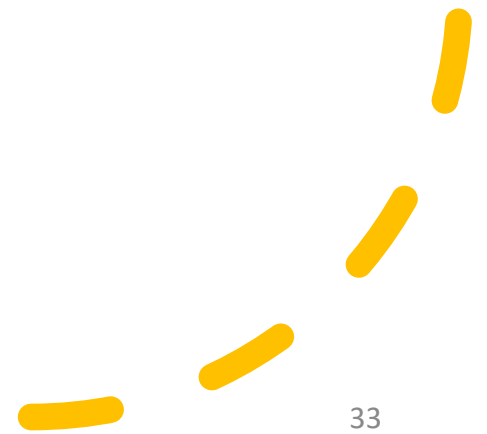


- A group of 12 houses (of which these two are typical) were incorrectly recorded in an expert report as “appear to be railway cottages” and so they met the theme “representative of a railways workers suburb”. They are not Railway houses, have nothing to do with Railways and are several kilometres from any rail infrastructure.
- The experts then decided they were early 1920s Ellis and Burnand prefabricated houses which a) they are not but also E & B did not design until the late 1920s.

A large orange circle is positioned on the left side of the slide, partially cut off by the edge.

Other Case Studies

- Dunedin
- Greytown
- Napier



The root cause of the problems

The RMA

- Section 6 of RMA: Matters of national importance:

“Councils must recognise and provide for ... the protection of historic heritage from inappropriate subdivision, use and development”

- Many Councils believe they have a legal obligation to designate properties as heritage, even without the owners' agreement



The Incentives Are All Wrong

- Those who benefit from heritage designations bear none of the costs
- Those who bear the costs and losses get few if any benefits
- If there is a true public benefit from heritage designation shouldn't the public pay?



A better way

- There is a better way
- To recognise and protect private property rights in the RMA.
- To allow Councils to make new designations of private property as heritage only with the consent of the property owner.
- The one exception should be true national heritage identified by Heritage NZ and only if the owners are fully compensated
- Heritage NZ not to have regulatory-takings powers but to be funded adequately and to be required to live within its budget



A better way

- A publicly funded budget constraint internalises the externalities
- And is more transparent
- Permits voluntary solutions:
 - Eg, Councils can subsidise or own local heritage

Conclusions

- The current heritage system is not fit for purpose
 - True heritage is not being adequately protected
 - Fake heritage designation are imposing large costs on property owners and undermining housing affordability
- There is a simple fix – publicly fund true national heritage designations by HNZ while protecting private property rights under the RMA
- So that councils can only heritage-designate with the agreement of the property owner
- That will mean better protection of true national heritage, greater security of property rights for home owners and more affordable housing