EFFECT OF HERITAGE CONTROLS ON PROPERTY VALUE ON EXAMPLE OF VICTORIAN HISTORIC TOWNS

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Synopsis
This paper presents a summary of an extensive study undertaken in Maldon Township in central Victoria and seven small country towns across central Victoria during 1991. Through a 20 year analysis of property sales and values, the study sought to determine whether heritage planning controls have influenced property values. The study was primarily carried out by Peter Campbell of Countrywide Valuers of Bendigo. Our firm assisted in the analysis of planning controls, the preparation of graphics and the general analysis of the implications of heritage provisions. The study found that heritage controls had no detrimental impact on property values and all the evidence points to such controls increasing values.

The Study was funded by
• Federal Government Department of Immigration, Local Government and Ethnic Affairs;
• Victorian Department of Planning and Housing; and
• The Shire of Maldon.

Why was the Study Undertaken?
The Study was carried out to ascertain if heritage planning controls had any effect, either beneficial or detrimental, upon the community property valuations, the council rate base in total, or in restricted areas leading to a distortion of the rate burden distribution.

Methodology
The study process involved:
• Literature review;
• Examination and documentation of planning and heritage controls in Maldon;
• Related movements in property values to planning and heritage controls;
• Comparison with similar analysis in seven other townships;
• Examination of heritage funding, building development and population trends; and
• Analysis of rating (according to property type) figures.

The focus of the study was the period 1970-1990.

Other Comparable Studies
What little published material on the effects of planning and heritage controls on property values existed, focused on city examples. No literature was found which examined small or rural towns. The conclusions of various (mainly U.S.A.) city-based studies was far from conclusive. At best, it could be said that planning controls were simply one of a number of factors which contributed to increased property values. Separating those factors was deemed difficult, if not impossible, by most writers.

History of Planning in Maldon
The first European settlers arrived in the Maldon district around 1840. Gold was found in 1853 and within one month there were an estimated 20,000 miners on the field. The place became known as the Tarrangower, or Porcupine diggings. Tent stores, hotels and entertainment houses were set up as the rush intensified; however, towards the end of the year the alluvial gold declined and miners left for new strikes.

In 1854 gold bearing quartz reefs were found and this form of mining was, by 1860, well established and continued until the early 1900’s. There were around forty main mines and in 1926, Maldon’s longest operating mine, the “North British Mine”, closed after seventy years.

The first town survey was carried out in 1854 and the township was named “Maldon”, after Maldon in Essex, England. The present town centre was surveyed in 1856. Maldon was declared a municipality in 1858 and a shire in 1864.

In 1861, Maldon was the eighth largest town in Victoria, with a population of 3,341. The population of Maldon peaked in 1901 at 3,700.

During the first World War the price of gold dropped and many miners enlisted for the war. After the war, many houses were moved from the town and by the 1930’s, over half the houses in the town had been removed.

By 1933 the population had fallen to 732, however by 1947 it had risen again to be 1,098. The current population is about 1,200.

In 1964 a survey of Maldon township was undertaken by students of the School of Architecture at Melbourne University and a report prepared, including measured drawings. In February 1966 the National Trust designated Maldon as a “Notable Town”. Following this designation, the number of visitors to the town and also the number of outside purchasers of property substantially increased.
Concern was expressed that the town was losing its character and it was felt that planning controls were necessary. In June 1969 the Town and Country Planning Board commenced the preparation of a planning scheme and in late 1969 the National Trust provided to the Board a report entitled “Proposals for the Conservation of Maldon”.

The Town and Country Planning Board went ahead with the preparation of a planning scheme and this was submitted to Maldon Shire Council and then approved and came into force on 1 January 1970 as an Interim Development Order (I.D.O.). This was one of the first planning initiatives undertaken in a rural town in Victoria and through it, controls were exercised over the design and external appearance of buildings in the town.

An “Area of Special Significance” was designated, all alterations required a planning permit, six months notice of demolition and a permit were required for demolitions and seven buildings were listed. Advice on most planning applications were supplied by the National Trust’s Technical Advisory Committee.

The Maldon Planning Scheme was prepared in 1973 and gazetted (formally proclaimed by the government) in 1977.

The central commercial area of the town and the surrounding historic areas were placed under the control of the Town and Country Planning Board; the balance of the town and the rural areas of the shire were administered by the Maldon Shire Council.

The Maldon Planning Scheme continued to be administered by the Town and Country Planning Board and the Shire of Maldon Planning Scheme by the Shire. These two schemes were later combined and administration handed over to the Shire of Maldon.

The scheme has two historic zones, specific heritage provisions, and six schedules relating to heritage. It is the most comprehensive heritage planning scheme in Victoria applied to a small town.

The scheme lists 354 buildings/structures in Maldon of which 329 are private buildings, mostly residences; 93 buildings/structures in the rural areas are listed, of which 62 are in private control. Also listed are 222 trees of which 9 are on private property. Schedules to the Planning Scheme detail matters such as allowable paint colour, outbuildings and advertising lettering.

Restoration Fund
Established in 1977 the first loans were provided in 1978. This is a revolving fund which by May 1991 provided a total of $194,000 in loans. Average yearly allocation of $14,900 with maximum $24,600 (1980) and minimum of $4,000 in 1981. A total of 55 individual loans, ranging from $400 to erect a picket fence, up to $5,000 for restoration of the Penny Denominational School. Average of $3,500 per loan. In addition to loan funds there have also been numerous grants to the Shire, clubs and institutions.

Most loan funds have gone to recent purchasers. Long-term residents generally did not patronise the fund. The Restoration Fund Committee had to solicit long term resident owners to apply for and accept finance.

Property Sales in Maldon
Five categories were selected for analysis:

- vacant land;
- notable dwellings (listed properties);
- other dwellings (not listed);
- commercial properties (excluding hotels); and
- other types (farmlets, industrial, etc.)

The findings were:

- Analysis of property sales in Maldon township within the period 1970 to 1990 (inclusive) shows an almost 2000% increase in the average sale price.
- The increase in property values has far outstripped the Consumer Price Index over the same period (520%).
- The greatest increase has been in vacant land, increasing from an average price per lot of $323 in 1970, to $17,188 per lot in 1990.
- The total of all sales in 1970 in Maldon township was $148,200, with an average sale price of $3,529. The average sale price in 1990 was $74,081.
- Average sale prices of “Notable” residential properties, expressed as an index, are almost 29% greater, at the end of the twenty-one year study period, than are “Other” residential properties.
- A far greater number of “Notable” residential properties have been sold in the study period than for “Other” residential properties, i.e. 391 as to 283, whereas the total number of “Other” residential properties in Maldon exceeds by a similar difference, the number of “Notable” residential properties, i.e. 343 to 234.
- Sales of commercial properties have shown an upward but erratic movement in values. The commercial sales are often closely tied to turnover of the business and the whole strength of the commercial area is largely dependent on the tourist trade.
- The greatest percentage increase in values in Maldon township took place in the period 1972 to 1975, when the popularity of Maldon increased dramatically and shortly after the introduction of planning controls.
- A decrease in the average sale price in 1971 may be attributed to the uncertainty surrounding the introduction of planning controls in 1969, however the decrease was only 3.5% on the average sale price over the previous year.
A fall in property values in 1981 could be attributed to the credit squeeze and the fall in 1989 reflected the high interest rates at the time and the commencement of the overall decline in real estate prices throughout the State.

As anticipated, the number of purchasers from Maldon buying properties in Maldon, has decreased as a percentage of all sales within the study period, with a corresponding increase in Melbourne based purchasers.

Comparison with Other Towns
- Avoca
- Beechworth
- Clunes
- Dunolly
- Heathcote
- Newstead
- Yackandandah

Selected on basis of variety of planning approaches, ranging from minimal controls to stringent controls.

- Talbot and Clunes Shire showed the greatest percentage increases in values over the study period, with Yackandandah having the highest $ value for dwellings.
- Maldon was mid-range of the percentage rise in values over the period.
- The towns with strong historic character i.e. Maldon, Yackandandah, Beechworth, Talbot and Clunes, showed a greater increase in values than the other comparative towns.

Building Developments and Population Trends
- McIvor Shire had the greatest amount of building activity over the study period and it could be argued that the lack of stringent planning controls encourages development. Regard should however be had to the nature and standard of the development, the proximity to Melbourne and the proliferation of rural-residential subdivisions in McIvor Shire.
- In general, since 1971 to 1976, there has been a gradual upward movement in the population in Central Victorian Municipalities, reversing the downward trend of the previous twenty to twenty-five years.
- The lowest rate of increase appears to be in largely rural Shires.
- Maldon’s rate of increase was comparable to other Central Victorian Municipalities.

Rating
- Maldon township’s rate revenue is heavily reliant on income generated from minimum rates, with 71% of assessments in the township on the minimum rate.
- The commercial area pays a disproportionate amount of rates to the number of assessments, partly due to the fact that Maldon Shires rates are based on net annual valuation.
- It could be argued however that the commercial area is the sector of the town that benefits most from tourism and the general well being of the whole town.
- For residential properties, there is no substantial difference in the average rates paid by a “Notable” residential property and “Other” residential property.

Conclusions
(1) Heritage Funding
In regard to heritage funding through the revolving fund, the question arises as to whether the limited funds are being put to the best use, or are the recipients often those people with the knowledge of and the willingness to use the system?

Would these people have undertaken the work that the funds were used for anyway and is it just a low cost source of funds?

The funds may be better utilized by targeting specific properties, rather than trying to give a little to a lot.

Maldon Shire Council should give serious consideration to using their rating powers to provide incentives to property owners undertaking approved conservation/restoration works, as the benefit of this work is not only to the individual owner but to the town and Shire as a whole.

(2) Heritage Advisor
It is essential to the integrity of the period that has been aimed for and the planning and conservation work to date, apart from the statutory requirements in the planning scheme, that an advisor on heritage matters be retained in Maldon.

Maldon Shire Council should consider funding of the position in their estimates and at the same time discuss and seek alternative sources of funding.

(3) Maldon Property Values and Heritage Controls
The strict heritage and planning controls have had no adverse effect on property values in Maldon.

On the contrary, these controls have protected the town and attracted both visitors and property buyers to the area, which has economic and social advantages to the town and the Shire.

There is a substantial preference of purchasers to buy historic homes in Maldon and the fact that the notable (historic) house increased in value in excess of other types of houses, emphasises the fact that property owners do not consider the planning and heritage controls as an encumbrance.
(4) Maldon Compared to Other Towns
Maldon property values are comparable or higher than most other towns in the survey.

The introduction of planning and heritage controls and movements in property values, shows that there is no detrimental effect on property values because of those controls in Maldon or the other towns under Study.

Heritage and planning controls are seen to be a positive force on property values and this is evidenced by the movement in property values in those towns with strong historic character and heritage controls.

(5) Rating
The added value of improvements which are being made to properties in Maldon township, are not being wholly reflected in increasing rate revenue to the Shire and more regular revaluations are suggested.

This would also take account of the increase in value of the commercial and "Notable" residential properties.

A review of the rate base is particularly important, given the imminent phasing out of minimum rates.

(6) Summary
In summary, there is difficulty in isolating the effect of heritage and planning controls on property valuations, from other factors such as location, geographical, economic and social forces.

The contribution of tourism to the Maldon economy and the "spin off" on property values could not be quantified but is assessed as substantial.

There is obviously a direct relationship, as evidenced by the number of property purchasers from outside Maldon and the strength of the commercial area of Maldon.

The strong rises in property values in Maldon and the perceived strength of the commercial area when compared to other towns, raised the question, "where would Maldon be now if heritage and planning controls had not been introduced?"
APPENDIX I: Overall Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (Relevant) Sales</th>
<th>Total Price $</th>
<th>Av $ Price Year</th>
<th>% Change To Previous</th>
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<td>129,349</td>
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TOTAL 1,098 $30,440,502
APPENDIX II: Index of Property Sales, Maldon Township, Average Sale Price

<table>
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<tr>
<th>Year</th>
<th>V/L Ave. Lot</th>
<th>N/D Adjusted</th>
<th>O/D Adjusted</th>
<th>COM Ex. Hotels</th>
<th>AVE Of All Sales</th>
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Note: Base Year 1970 = 100
No adjustment made for inflation.

V/L = Vacant Land
O/D = Other Dwellings
AVE = Average
N/D = Notable Dwelling
COM = Commercial