

FUNDING HISTORIC BUILDINGS THE DUTCH WAY

Mister Chairman / Sir Neil Cossons, chief executive of the English Heritage mr. Simon Thurley,

As the (temporary-)director of The Netherlands Department for Conservation (RDMZ) and the Dutch International Service for Archaeological Heritage (ROB), I am very delighted to have the opportunity to present you the latest update of the Dutch way of funding and maintaining historic buildings.

Ladies and gentlemen,

I love The Netherlands. I'm proud of my country! Especially the Dutch landscape where I live in the Province of Zeeland: winding rivers, the smell of the silted seawater, the fine dunes, the never ceasing wind, the historic 17th century sea trading cities plotted around, like Middelburg(h), the place where I was born, raised and still live.

A beautiful country indeed, small sized and of course famous for its wooden shoes, bicycles and tulips. But even more rewarded internationally for its unique protected monuments, smart infrastructure and modern water management such as dikes, outer marches, polders, canals, mills, locks and sluices. All those items shaped our landscape, our history and our identity.

But of course we are well known for our soccer players and coaches...

A short history of Dutch heritage

The founding father of the organised conservation in The Netherlands is Victor de Stuers (1843-1916). At the end of the 19th century he and a small group of volunteers wanted to slow down the demolition activities of many valuable old buildings; a demolition that took place because of an enormous demand for housing, factories and railways. Historic cities with their old defence walls and moats still around them, could not cope with the growing need for industrial areas and above all the dwellings for the working-class. A specific law was needed to free the cities from their tight waistband and walls were torn down. In The Netherlands caring for monuments started in 1873 with De Stuers' flaming argumentation *Holland on his narrowest*. The national government made him their first high official. And although there was no legislation yet the government provided some money. He started to restore churches, castles, towers, etc. A long provisional list for historic buildings was made and the national government started a regular scheme of subsidising major restorations. One of the conditions to get subsidy was an obligation to maintain the monument, but unfortunately maintenance was badly observed from the start.

Ultimately in 1947 a Netherlands Department for Conservation was set up. Nowadays our Department is situated in a lovely 18th century building, close to the manor of Zeist. I think mr. Thurley is happy to approve this, after his fact-finding mission in August last year. Even more because he is preparing a book publication on the architect of this manor Daniel Marot (also architect of the Palace of Het Loo). Our department is a renowned treasure house of knowledge and information about our national built heritage. This knowledge covers historical buildings, city and townscapes and man-made landscapes. We judge the cultural and historical values of a building, both architectonically as well as from the viewpoint of urban development.

And at the end of this year as a result of a fusion with the Dutch International Service for Archaeological Heritage (ROB), one institute named the Department for Archaeology, Cultural Landscapes and Historic Buildings (RACM) will be responsible for the protection of Dutch Heritage on the ground, underground and underwater (maybe you have heard about the VOC-ship *Rooswijk*). In contrast to the United Kingdom, The Netherlands has already an Act called the Historic Buildings and Ancient Monuments Act (Monumentenwet 1961, 1988), resorting both historic buildings and archaeological protected sites. But if I'm well informed, the United Kingdom has such an Act in progress and this heritage reform will be implemented in England in the near future.

The RACM is charged with important tasks, like:

- awarding subsidies for the restoration and maintenance of historic buildings;
- carrying out scientific research in the field of conservation;
- giving advice in the technical, urban planning, cultural, historical and legal areas;
- supporting and advising municipalities, Provinces and private organisations in the field of conservation;
- and providing information and education programmes, like 'Schools adopts monuments' or the international project 'My Place' (expert meeting and participation of English Heritage), or TV series like 'House detectives' or 'Restoration', so sharing the past with everyone.

Some comparing figures:

	Historic buildings	Budget euro million	Emplo- yees	
RACM	55,000 state monuments 1,400 archaeological sites 350 listed city- and townscapes 40,000 municipal monuments	30 & 46 subsidy	300	Department, controlled by the Ministry of Education, Culture and Science
UK / English Heritage	400,000 / 400	75	2000	Integrated agency & board of commis- sioners, non-depart- mental, independent voice, direct responsibility to Parliament.

Luckily, The Netherlands, like most other countries in Europe, has a lot of monuments. In total almost 100,000 historic buildings and objects are registered. Of this building stock about 75% consists of houses, the other 25% consist of churches, castles, civil works, windmills and several smaller objects.

Is that a lot?

It is about 1% of the total building stock, a little bit less than the UK. Along with England and Germany, The Netherlands has the highest density of individually

protected sites and monuments in Europe. In The Netherlands a distinction is made between historic buildings registered by the state and those which are registered by local authorities. The distinction especially is important in respect to the difference in legal protection and the possibilities for subsidising and funding.

The majority of the registered historic objects have been realised before 1850. Some years ago an inventory has been made of valuable objects realised in the period 1850-1940. We call them 'young monuments' (approximately 8,000). Meanwhile a new survey is being prepared to make an inventory of the interesting buildings, objects and ensembles realised between 1940-1965 (post-war listed buildings). As you probably know in The Netherlands a building should be fifty years old to be listed as a monument (discussion on its way). We call it the era of Reconstruction.

Ladies and gentlemen,

Conservation (by) development

The position of the Dutch government concerning standing monuments is that they should be conserved and regularly maintained. This conservation however, should be of service for actual functions. A building without a function is a dying building, a lifeless façade, it will deteriorate in time.

As a result about 15-20% historic buildings has changed it's original function into new functions, like churches into luxury lofts, factories into cultural podia, museums or office buildings. A former director of our Department once stated: *nothing is as variable as a monument*. But with most monuments privately owned and used as private housing, conservation can't be done without the consent of the owner.

I very much like to dispel two misunderstandings:

- In contrast to our counterpart English Heritage which owns about 400 buildings and complexes, our Department does not own any historic buildings. You can purchase them through a real-estate agent;
- And secondly we do not restore or maintain historic buildings ourselves, again in contrast to English Heritage which does buy, restore and sell standing monuments, usually the owner instructs a contracting company.

In fact in The Netherlands a special foundation the Heritage Watch, (Monumentenwacht) was set up in 1973 as an independent, non-governmental organisation to prevent the decay of our cultural heritage. Heritage Watch inspects a historic building and gives the owner advice and encourage him in having appropriate and regular maintenance or restoration carried out in good time. The Heritage Watch itself may undertake small maintenance projects directly. By the way, I was a member of the board of the Dutch Heritage Watch for almost ten years.

Funding = financing

So that brings us to the question how the owner of a monument fits in the Dutch system for monument care. If, lets say 20 years ago, you bought a monument in urgent need of restoration, it was obvious you could qualify for a subsidy. *But where?* Should you turn to the local or national government? And at which counter should you turn in order to obtain this fund? Once a subsidy had been granted, after answering endless questions, in many cases he had to wait four or five years before the money was

transferred into his bank account and he actually could start restoring. Monument care took – and takes - a lot of money. That was a major problem. For many years budgets were insufficient to comply with all the wishes and to meet all the needs in the field of restoration. This created a situation in which the available budgets for conservation had been promised to owners for several years in advance. In short: the conservation of monuments was structurally deficient of funds and owners were not stimulated to conserve their monumental buildings.

Winds of change

The restoration or maintenance of heritage premises is a costly business and money is needed. Often the owner is unable to pay for it in full himself. This is why the owners of a protected building can apply for a subsidy. Up to very recent times, two kinds of subsidies were provided:

1. the first, for restoration: the owner of a dwelling could submit the application to the municipality. The municipality send all the necessary data to us and we award the subsidy if all the conditions have been met, and eventually the National Restoration Fund. I will dwell on this subject later on. Besides, owners of dwellings do come into consideration for a tax deduction for maintenance costs;
2. on the other hand there was a maintenance subsidy of heritage premises in order to encourage the maintenance of historic buildings, but this covered castles, mills and churches only. The owner submits the application directly to us and we then determined the level of the subsidy (paid by NRF too).

Now winds of change are blowing. For mainly three reasons:

- Monuments need continuous and long term maintenance in order to avoid expensive restoration in the future. Since the teeth of time are gnawing every minute, a conscious owner or housekeeper who practise regular maintenance can avoid decay. Prevention is always better than cure!;
- And secondly we had to help the owner by a faster and easier administrative procedure for applying subsidy (not anymore through the municipality);
- And thirdly, and I have to be honest: our government had to economizes.

Therefore two months ago two kinds of subsidies were integrated in one preservation programme called the BRIM. A split was made between:

- houses and farms without agrarian function which are granted a low interest loan (*restoration fund mortgage covers 70% of the fiscal deductible costs*) through the National Restoration Fund, added to some fiscal advantages;
- and for other categories like mills, castles and churches, subsidies (for a period of six years) are granted by our Department by fazed intake between 2006-2011. *Maximum amounts and percentage.*
- by exception, subsidy for restoration is still possible. This depends on the governments budget.

In 1993 800 million euro was needed for the restoration of Dutch Heritage; we call it restoration delay. In 2006 we need another 134 million euro. If this money is provided we believe that by 2010 we have only 10% left of our present restoration delay. Yes, we still have a lot of work to do.

The National Restoration Fund

Marked research tells us that the most important thing an owner expects from the government is good advice and information. Money comes at the second place. Since the system did not excel in creating simple rules and regulations, people even said; "I don't want a subsidy, I will do it myself".

The establishment in 1985 of the National Restoration Fund (NRF) made a considerable change for monument-owners. This private institution suited excellently in the tendency at that time to privatise services and to create forms of public-private partnerships. At the same time the Dutch government started to decentralise the decisions whether a monument will be subsidised to a level that is nearer to the citizen, the local government.

The Restoration Fund as a paymaster of subsidies has an idealistic goal: the promotion and preservation of monuments and historic buildings. Its chairman is a member of the Dutch royal family, Pieter van Vollenhoven. Today 35 people are employed at the Restoration Fund.

Together with the start of this Fund, an important change in the method of subsidising was introduced. The major change was the conversion of (part of) the subsidy into a loan at a low rate of interest. To explain to you why and how this is done, I should first tell you something about the Dutch tax-system.

In The Netherlands every house owner pays tax. It is a percentage of the value of your house. Owners of Listed Historic Buildings can deduct the costs of maintenance from the tax they have to pay. In case of restoration, always a large part of the activities concerns maintenance. From fiscal point of view, almost all restoration activities are earmarked as maintenance. So a subsidy decreases the amount of tax-reduction. For that reason, the government decided in case of taxable owners to shift part of the subsidy (30%) from a lump sum subsidy into a low interest loan. The interest of this loan is 5% beneath the interest of a commercial loan. Today that is 1%. The result is that a higher amount of money will be deductible, namely a higher share of the maintenance costs. So the disadvantage of the shift from a lump sum subsidy is mostly compensated by higher tax reduction. Especially if you know that the average tax-rate in the Netherlands is 45%.

The payment of all subsidies for the preservation of monuments has been entrusted to the National Restoration Fund. This government task has been privatised to just one pay-counter. This central position is a guarantee for a permanent flow of substantial sums of money; yields not only interest, but can also be used to cover desirable developments.

Also this Fund can pre-fund subsidies for an owner. This is an effectual instrument to begin restorations earlier than the year in which the subsidy is available. The interest, for which owners of monuments are charged, is lower than the costs that result from postponing the restoration. Therefore, 60% of the owners make use of this pre-funding.

However, the most important role of the Restoration Fund is to grant the low interest loans. Interest and instalment (repayment) of the low interest loan are coming back in the fund. In this way for part of the subsidy a so called 'Revolving Fund' is created. The money from this revolving fund, for the time being, is used to realise extra production in the sector of historic buildings. In principle, the money from the fund is

only used as a loan. In that way we always talk of our “secret mission” to spend the same euro twice. We love this long lasting way of recycling of money.

But is it effective?

The development of the Revolving Fund shows a rapid growth. Between 1990 and 2002 approximately 500 extra restorations were carried out with help of money that has been spend for the second time.

Two remarks:

Monument care costs a lot, but is also profitable to the state government. In this subsidy system, in which part of the subsidy is shifted into a low interest loan, the multiplier on the subsidy budget is approximately 3,5. This means that with every euro invested by the State in the restoration of historic buildings, additional two euros are invested by the private sector. Secondly money will come back to the State due to extra income of taxes (VAT, income tax, wage tax, etc.). In the year the subsidy is spent about 75% returns to the public treasury. When all effects are taken into account the calculations show that on the longer term even 114% returns to the State.

In second place, the preservation of monuments creates labour. Restoring old buildings requires craftsmanship and thus many people find a job in this field. As you all know too: *skill discretion is master ship*; that means training on the job for sheer and roofers, painters and carpenters.

Ladies and gentlemen,

What can be learned from funding the Dutch way?

In general we may conclude that in this Dutch model the National Restoration Fund shows that the preservation of historic monuments is a play for two parties. Like in table tennis, you need a partner. (As you can see, funding is also fun to me). On one hand the government, who sets the rules and the regulations and provides part of the funds needed. On the other hand: private parties. First of all, the owner of a historic monument. And secondly, the private organisations, like the National Restoration Fund and Heritage Watch. This flexible co-operation – this public-private partnership is a benefit for the monument-owner and plays an important role in Dutch Cultural Heritage.

Together we protect and maintain what is so valuable to us all, and most importantly, we create a really worthwhile heritage for our descendants.

A better future for our past.

Thank you very much for your attention.

Jan van de Voorde, April 2006