

Architectural Heritage Fund, United Kingdom



Calton Hill, Edinburgh (Scotland), general view

Key Features

The Architectural Heritage Fund (AHF), a charity established in the UK in 1976, is one of the largest and longest-running heritage revolving funds, with capital of £17.5M. Offering early stage development grants, capacity-building assistance, and low-cost loans over the lifetime of a campaign, AHF is an exemplary partner to its borrowers—primarily local Building Preservation Trusts (BPTs) seeking to rehabilitate or reuse historic buildings for social benefit.

Over the 45 years of its existence, AHF has provided over £125 million in funds to nearly 900 projects across England, Scotland, Wales, and Northern Ireland. As a model for setting lending procedures, mitigating risk, and developing impact measurement standards, AHF offers a global precedent. Responsive to resource availability and market needs, AHF has judiciously expanded the scope of its activities. In 2019, for instance, it launched an impact fund in partnership with UK heritage bodies and utilizing private finance.

Success Factors

- Flexible program design allows for alignment with government High Street programs, for example, enabling AHF to focus on issues such as reversing urban blight and to position projects for other government funding programs such as the UK wide National Lottery Heritage Fund.
- Mainstay operational support from the UK government enables AHF to devote staff resources to developing innovative finance vehicles such as crowd-source funding, community shares, and an impact fund.
- Significant leverage from other UK governmental programs, including the the National Lottery Heritage Fund, and other local governmental and private sources.

IN BRIEF



Location Architectural Heritage Fund (AHF) operates in all U.K. countries.

Project Type Community regeneration through civic engagement in rehabilitation of built heritage.

Project Objectives

AHF's Strategy for 2020-2023:

- Generate and distribute increased levels of investment and funding to support the sustainable reuse of historic buildings
- Support community-led heritage regeneration by assisting charities and social enterprises to take ownership of, develop and sustain new uses for historic buildings
- Promote the impact and benefits of community-led regeneration and ownership of historic buildings.

Duration 1976–present

Sponsoring Entity U.K. Government and devolved administrations

Business Model Non-profit with revolving loan funds and grant expenditures. Main revenue through philanthropic allocations from government and foundation donors, other revenue through interest repayment on loans.

Investment Model Debt financing of projects and other social investments

Current Leadership

Matthew McKeague, CEO since 2017

Website www.ahfund.org.uk



Portland Works, Sheffield (England), aerial view

Program Development & Implementation

Coalition Building

A textured tradition of practice and debate regarding the preservation of historic monuments has proliferated in the UK since the 19th century when prominent figures like William Morris established the Society for the Protection of Ancient Buildings and John Ruskin wrote the influential essay, *Lamps of Memory*. The national conversation was first captured in legislation to address the disposition and protection of architecture in 1882. Early twentieth century movements that argued for preservation of country houses, Georgian and Victorian architecture, and restoration after destruction of war bombing furthered the formal system of grading and protections that exist today.

Within this environment, the Civic Trust was established in 1957 by Duncan Sandys, a former son-in-law of Winston Churchill, to advocate for preservation of historic environments, which many Britons felt were under assault by the practices of modern town planning. A 1971 survey report of the Civic Trust discussed the challenges of a growing number of building preservation trusts (BPTs). The Trust report was pivotal in promoting a national loan fund to assist these BPTs in saving buildings. The topic was timely. In 1972 the Council of Europe's Committee of Ministers

approved 1975 as European Architectural Heritage Year. Joining the decree of the European Architectural Heritage Congress of October 1975, the UK appointed the Civic Trust as the Secretariat for the UK.

The Civic Trust was able then to set up a fund for preservation of architectural heritage. The U.K.'s Secretary of State of the Environment provided £500,000 of government budget to match the £500,000 the Civic Trust raised from private donors. Thus in 1976, the Architectural Heritage Fund was officially founded, as a charity and "non-departmental public body" of the UK government.

Common Wealth & Resource

Architectural Heritage Fund's mission is to support the restoration and reuse of historic buildings that embody the identity of villages, towns and regions in the UK, from medieval buildings to 20th century industrial hubs. AHF was established originally as a revolving fund to assist in the formation and operations of BPTs with funding for planning, property purchase or capital works. Today over 230 BPTs are active in the UK, many thanks to the AHF's guidance and support of the transfer of properties from public to community ownership. AHF has developed a portfolio

of funding and services, becoming a grant maker and consultant for organizations working on historic property regeneration. Over time, AHF has branched out to work with community development organizations and social enterprises stewarding 'viable community led solutions' to further heritage preservation and community benefit. Properties must be publicly accessible and listed on the Heritage at Risk or Buildings at Risk registers, in the process of becoming listed, or in a conservation area.

Shepherding the Journey

Support from the AHF comes in the form of advice, loans and grants that are available for the lifecycle of a campaign, from inception through completion. The AHF staff's deep knowledge and high level consulting advice in the design of prudent, realistic and entrepreneurial projects is a special advantage of its longevity of experience, which helps drive the success of the initiatives it funds.

AHF's readiness to support projects at all stages makes it a unique resource in the sector. This includes finances for Project Viability Grants and Project Development Grants, often modest (~ £7000) for nascent initiatives with few other options. At the other end of the scale, AHF's Transformational Project Grants (up to 80% of cost with a maximum of £350,000) allow for property purchases and organizational development.

AHF contributions can be leveraged to gain more funding from other sources: between 2000 and 2017, £5.2 million in grants and £51.4 million in loans resulted in additional investment of £485 million, an amplification factor of almost 10. AHF's financing is most often a small but critical part of a larger package

that includes other funding sources such as the National Lottery Heritage Fund or other national programs such as Historic Environment Scotland or Wales' Cadw.

Community Shareholders

Active engagement of the community is an integral part of all AHF-supported projects. Stakeholder input and support in fundraising, design and advocacy are central to success. A building restoration is intended to solve problems in the community instead of standing in the way of progress, as many listed buildings may be perceived of doing. AHF encourages crowd sourcing through its Crowd Funding Challenge Grants, which match up to £25,000 raised by any philanthropic crowd-funding initiative.

Raising capital through a Community Shares program is also eligible for AHF participation. Community Shares are fundamental to the structure of British community benefit societies and cooperatives. As with a share in any business, a community share is open for purchase by constituents at a set price. Shares may accrue an annual return or loss based on performance of the community asset, and they may be sold. Community shareholders differ significantly from a stock shareholder however, as they do participate in governance with simply one vote per shareholder, instead of per share. Tax incentives encourage investing in community shares, similar to other retirement investments.

AHF has pioneered the use of Community Shares in the heritage sector through collaboration with Co-Ops UK. AHF offers a £10,000 grant to aid the launch of a Community Shares program and will provide matching funds of up to £50,000 in equity. As



Sail Loft, Portsoy (Aberdeenshire) Scotland, restored and repurposed as a self-catering facility managed as a community business by the Scottish Traditional Boat Festival.



Portland Works, Sheffield (England), community event

a foil to the conception that historic building restorations are the purview of an elite few, Community Shares empower and engage every citizen through the opportunity to participate in ownership. In 2019, the Jubilee Pool in Penzance, an art deco seaside attraction, raised an impressive £500,000 through its Community Share offer when the asset transferred from public ownership to the local community. AHF itself is the largest institutional owner of Community Shares in the UK with approximately 500,000 community shares in its investment portfolio.

With a current initiative, Transforming Places Through Heritage, AHF synthesizes all of its offerings to encourage regeneration of town centers, complementing Historic England's Heritage Action Zones program and Future High Streets Fund. While grants and loans may support a single building project, its contribution to an ensemble or landscape of renewal is critical to its eligibility for AHF support. To encourage this approach, AHF has recently launched a new grant to fund pilot Heritage Development Trusts which are taking a portfolio approach to heritage regeneration.

Revolving Challenges

AHF's exceptional role in providing funding at all entry points of a regeneration project, means that sometimes its loans are at far riskier terms than others. Taking these risks on heritage projects is both a strength and weakness. The financial sustainability of its position is built on tight margins. It therefore mitigates risk through security for loans and guarantees from local banks, and by gaining the first charge of the properties. AHF's bad debt provision is regularly reviewed and currently stands at 8.3%. The AHF's balance sheet and cash flow show the challenges of working in the heritage sector. Its financial position is vulnerable to shocks

from bad debt and the risk of failure of projects and of the newly formed organizations it supports. AHF's expenditures have exceeded its revenue in a number of recent years.

Over the first three decades of its existence, AHF's loan resources had grown to a surplus over expenses to greater than £13 million, and its programs were expanded as well with additional support. Grants and donations from foundations such as the William Grant Foundation and Garfield Weston Foundation undergird finances and spur programming. AHF's encouragement of the renewal of ensembles and districts for High Street and town center regeneration has been an objective of the last decade; however, other stand-alone building projects that have catalyzed towns and regions have included Wentworth Woodhouse, Yorkshire; Portland Works, Sheffield; and Royal William Yard, Plymouth.

Impact Innovation

From its origin, AHF has supported policy goals of the UK Government by contributing to the social fabric of communities through renewal of the built environment. To determine the measurement of impacts, AHF conducts rigorous annual surveys of award recipients and their constituents. AHF reports on economic impact through gross value added (GVA), new housing units, direct job creation and land value uplift. The creation of 719 housing units between 2000 and 2017 is an example of the magnitude of its contributions to the UK's housing stock. Positive social impacts of projects are monitored and reported to supplement the economic analyses. AHF identifies the impacts of educational opportunities through traineeships, social cohesion through increased and diverse community participation in events, improved physical and mental well-being and pride.

THE MONASTERY, MANCHESTER

Originally, the Church and Monastery of St. Francis, Gorton, Manchester was built in the late 19th Century after designs by Edward Pugin (son of A.W.N. Pugin). Following the decline of the surrounding area, the church closed in the 1970s and went derelict after commercial development failed. Spearheaded in 1996 by Paul and Elaine Griffiths, who formed the BPT, the Monastery now thrives as a vibrant community multi-use space. The Monastery has enjoyed the repeated support of AHF. It received a 1997 AHF feasibility grant for its redevelopment prospects, a development grant in 2000, a working capital loan in 2002 to help cash flow, and a tailored lending program.



A 2017-18 Project Impact Survey that AHF-supported organizations:

- Held more than 7,000 community events. These events promoted diversity, education and cohesion with almost a third of participants identified as children or youth, and more than 5% from varied racial and ethnic backgrounds.
- Hosted more than 6,000 volunteer opportunities
- Created than 1,000 training opportunities

The Future of Heritage Funding

In 2019 AHF launched a £7M Heritage Impact Fund that seeks to attract investors through its financial and social returns. Supported by investment funds, management and loan facilities of Rathbone Greenbank Investments, this pioneering initiative is AHF’s first partnership for loans with a headline rate for recipients of 6%. The balance of the account is the sum of financial contributions from the National Lottery Heritage Fund (£2.25 M), Historic England (£800K), Historic Environment Scotland (£427K), Cadw (£100K), and the Department of Communities Northern Ireland (£300K).

With the HIF, AHF has expanded its constituency. The program’s funding offers are open to projects proposed by non-profit entities other than BPTs in all regions of the U.K. For example, from the first class of recipients, Fife Employment Access Trust, whose mission is to enhance employment opportunities for those with mental health barriers, will access a loan for a nine-teenth-century mill renovation that will create a multi-use space offering such employment opportunities.

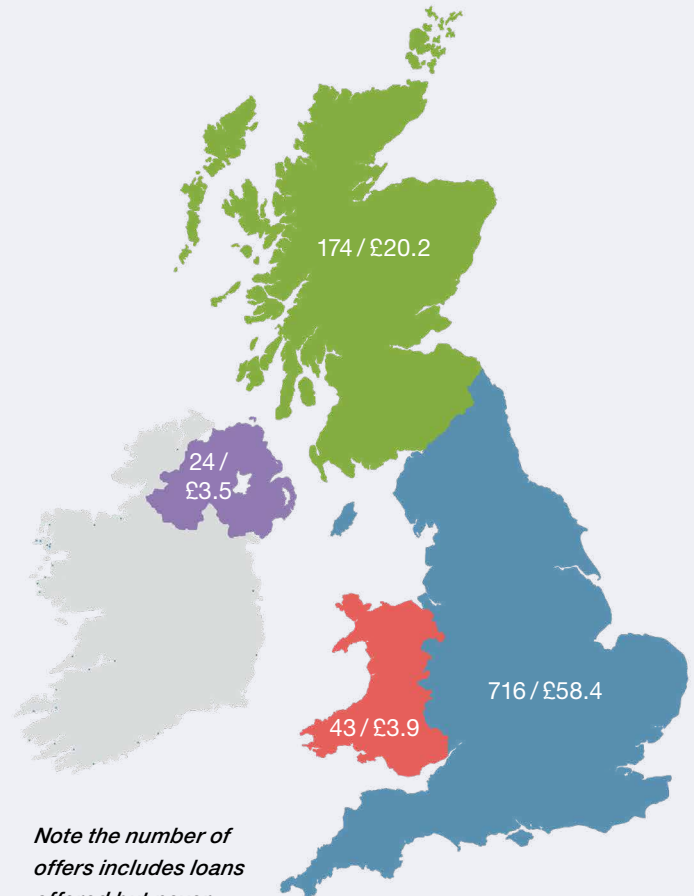
Fit for the Future

The Heritage Impact Fund is aligned with the objective of bringing more sustainable funding resources to the heritage preservation ecosystem. As a proof of concept of how heritage regeneration can provide a return to investors, its performance will be instructive. Maximizing the benefit of budgeted monies and pursuing government objectives continue as part of AHF’s work. AHF continues to evaluate and iterate its own methodologies, through reporting to its funders. Contributions to environmental sustainability are also part of its mission. Recently AHF joined the U.K. network Fit for Change, which promotes the environmental sustainability of cultural programs and buildings. Any organization that receives AHF funding is linked into this network for advice and services that may assist in upgrading historic buildings to more eco-efficient operations, another common goal of the UK government. ●

Architectural Heritage Fund Loans

With initial contributions of £1 million and gradual capital growth over time, AHF has been able to offer loans to more than 900 projects across the United Kingdom, encourage the creation of hundreds of building preservation trusts, and leverage far more significant funding from other governmental and private sources.

Loans	Offers	Amount (millions)
England	716	£ 58.4
NI	24	£ 3.5
Scotland	174	£ 20.2
Wales	43	£ 3.9
Totals	957	£ 86.0



Note the number of offers includes loans offered but never drawn down. Totals are since 1976.

Financial Performance Summary

Information Item	Description
Amount	£13 million revolving loan fund, £7 million Heritage Impact Fund
Instruments	Debt financing and grants
Investment Mechanism	AHF disburses grants and loans funds to organizations, which repay principal and interest.
Use of Proceeds	Contributed towards revolving loan funds for new projects
Currency	British pound
Hedging Requirements	Requires a guarantee or first charge over property
Closing Date/ Time Frame	AHF offers loans and grants with varying terms. Projects may apply for subsequent funding after completion of an award. Programs are currently active, with annual application deadlines and award periods.
Board of Directors	A board of twelve members is led by the Chairman Liz Peace CBE
Investor Rights	Investor rights over the lifetime of the investment (e.g. to participate in votes in the company, right to request and obtain info).
Governing Law	National
Performance	AHF financial performance has varied over the decades of its programming, with a numbers of years operating at a loss



Bangor Courthouse, Northern Ireland. The building is currently empty pending completion of the community asset transfer process.



Public event at The Monastery, Gorton (Manchester), England, Gorton Trust Ltd.

Timeline

- 1957 • Civic Trust founded
- 1971 • Civic Trust survey report to government on BPTs
- 1972 • Council of Europe Committee of Ministers approves the 1975 European Architectural Heritage Year
- 1976 • Foundation of AHF with £500,000 matching funds from UK government
- 2003 • Ian Lush named Chief Executive
- 2005 • Cumulative awards reached: £3.5 M in grants and loans of over £73 M to over 1000 eligible projects
- 2011 • Announcement that AHF will administer a £2 M Challenge Fund to rescue at-risk buildings formed by donations from Andrew Lloyd Weber Fund and English Heritage
- 2016–2019 • Community Enterprise through Heritage Program
- 2019 • Heritage Impact Fund is launched
- 2019 • Transforming Places through Heritage program is launched
- 2020 • AHF joins the Fit for the Future network



Burgh Hall, Dunoon (Argyll and Bute), Scotland, restoration by the John McAslan Family Trust and local building preservation trust with help from AHF.



Harlesden High Street, London. A former bank building renovated as an education center by the Refugee Support Network

Sustainable Development Goals



GOAL 3 To ensure healthy lives and promote well-being for all at all ages

- AHF funds numerous projects to support community health care facilities and mental health programs.
- Impact surveys conducted after AHF-supported interventions reflect improved physical and mental wellbeing of communities.



GOAL 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Incorporated in some restored properties are cultural and educational activities open to community participation including theater, music and fine arts.
- In a typical year, more than 6000 volunteer opportunities are borne out of AHF annual investments.



GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Many apprentice construction trades training programs are included in AHF projects. In a typical year, at least 1000 training opportunities are created.
- Development of an AHF project site typically creates two full-time employment opportunities (FTE), while post-development there are three new FTEs.
- AHF supports community job-training and job creation.
- Community wealth creation is facilitated through employment opportunities in renovations and in resident businesses.



GOAL 11 Make cities and human settlements inclusive, safe, resilient and sustainable

- AHF investment has supported renewal of nearly 900 historic properties – many in urban environments.
- Some projects include the development of affordable housing units, mixed-use and income-generating spaces.



GOAL 13 Take urgent action to combat climate change and its impacts.

- Conserving historic building fabric offers a lower carbon footprint than the alternative of demolition and new building.
- Collaboration with the Fit for Change network encourages AHF clients to integrate eco-efficient solutions to building renovations. In 2017-18, 50% of projects increased the energy efficiency of buildings involved.



GOAL 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development

- AHF partners with numerous NGOs in the heritage preservation and social sectors.

Sources & Documentation

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Market Hall, Cardigan (Ceredigion), Wales. The important medieval markethall has been restored and reanimated with numerous shops and other vendors.



Jubilee Pool, Penzance (Cornwall), England, general view



CULTURAL HERITAGE FINANCE ALLIANCE

www.heritagefinance.org