



Loans

Programme Guidance

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About the AHF

The Architectural Heritage Fund helps communities across the UK find enterprising new ways to revitalise old buildings.

We do this by providing advice, grants, and social investment loans. To find out more about our grant funding programmes and the support and advice we can provide please visit [our website](#).

Our aims are:

- delivering targeted investment that leads to the sustainable reuse and management of historic buildings.
- supporting charities and social enterprises to take ownership of, develop and sustain new uses for historic buildings.
- championing the impact of heritage and community-led regeneration.

Social investment loans

Social Investment is the use of repayable finance to help an organisation achieve a social purpose. Charities and social enterprises can use repayable finance to help increase their impact on society, for example by developing or growing their businesses, providing working capital for contract delivery, or buying and developing assets.

It is repayable and usually with interest. Enterprises may generate a surplus through trading activities, contracts for delivering public services, grants and donations, or a combination of some or all of these. This surplus is then used to repay investors.

The AHF is a charitable company therefore all funds repaid are reinvested into our work and mission. The repayment of loans enables us to continue to support more enterprises and projects.

If you want to learn more about social investment, please visit the [Good Finance website](#). Good Finance is a collaborative project to help improve access to information on social investment for charities and social enterprises.

What will the AHF invest in?

This guidance is intended for applicants who wish to apply to our Heritage Impact Fund or our General Funds. Our website includes further details of available funds.

The AHF provides tailored social investment loans for charities, social enterprises and community businesses across the UK seeking to acquire, reuse or redevelop buildings which are of historic or architectural importance.

This includes buildings which are listed, in a conservation area, or may be of special significance to the community.

We will invest in activity that leads to the conservation and sustainable re-use of historic buildings for the benefit of communities. Social investment loans are available for either the acquisition of a building, to provide working capital throughout a restoration project, to bridge funding gaps until further funding becoming available, or to kick-start enterprising activities to secure the future sustainability of the organisation and the building.

Our funding is primarily targeted at enterprises which, alongside traditional heritage projects, are additionally seeking to deliver demonstrable and significant local economic and/or community impact. The end use should be financially viable and help support the objectives of the organisation and provide impact to or benefits for the communities in which the buildings are based.

We are able to fund more traditional heritage projects through our General Fund. Our Investment Team will support you in identifying which of our funds is most suitable.

In general, your project will be eligible for a loan from us if all the following apply:

- your project involves an historic building, which we define as:
 - nationally listed – Grade I, II, II*;
 - locally listed;
 - unlisted but in a Conservation Area; and/or
 - highly valued by the local community for its demonstrable historic interest.
- your project is being led by a not-for-private-profit incorporated organisation.
- your project involves activity that leads to the sustainable reuse of a historic building.
- your organisation already has or seeks to acquire the freehold or a long lease (usually for a minimum of 25 years) on the building.

Loan terms

Loan size

- £25,000 to £500,000. In exceptional circumstances we may be able to consider larger sums.

Repayment

- Our repayment term is usually up to five years.
- Through our General Funds we may be able to offer a longer repayment term.
- Capital and interest repayment holidays can be considered.

- Typically, there are no early repayment penalties if the loan is repaid early.

Interest

- Our headline interest rate for a secured facility is 8% fixed.
- As with many other social investors, interest rates are dependent upon the security available, the impact being delivered by a project, and the profile and experience of the applicant.
- Interest is calculated daily on a reducing capital balance only.

Fees:

- An arrangement fee typically between 1-2% will apply.
- If security is to be taken, then the AHF's own legal fees will be borne by the borrower.
- For example, arranging a simple legal charge may be in the region of £2,750 + VAT and any disbursements. The complexity of the building ownership and the requirements of other project funders may lead to additional costs. We will discuss this with you and give an indication of our likely fees at any early stage.

Security

- Secured and unsecured loans are available.
- Our preference is that loans are secured; either a first legal charge or first ranking standard security.
- An Independent Valuation of the project building will in most cases be required as part of the loan application process, or if successful a requirement as part of the loan terms and conditions.

RePlan capacity building support

Where it is needed, we may be able to offer additional expert support, advice and mentoring to **Heritage Impact Fund** clients, to support sustainable business change and to help drive their long-term social and economic impact through our RePlan capacity building service.

This support could take the form of a business health check, impact review, or assessment of governance processes and fundraising capabilities. Where we think it will be helpful, additional business planning or modelling will be offered to help an organisation work towards becoming more sustainable in the longer term.

RePlan capacity building support is grant-funded with the expectation that clients contribute their time and in-kind where applicable.

Reach Fund

The Reach Fund provides grants to organisations in **England only** for extra help with governance, business planning or financial management before taking on repayable finance. The AHF is appointed as an Access Point for the Reach Fund. Contact us to discuss the support available if you feel you meet the Fund's criteria. You can find out more on the programme website [here](#).

Who can apply?

Your organisation must be one of the following not-for-private-profit organisations:

- Charitable Incorporated Organisations (CIOs)
- Charitable Companies Limited by Guarantee
- Community Benefit Societies
- Not-for-private-profit Companies Limited by Guarantee
- Community Interest Companies (CICs) Limited by Guarantee
- Co-operatives

We cannot support:

- Private individuals
- Local authorities and other public sector bodies
- Universities, colleges, and other mainstream educational institutions including independent schools.
- For-profit companies, unless in a partnership led by a not-for-profit organisation.
- Unincorporated organisations
- Organisations with fewer than three Trustees or Directors. If there are only three Trustees/Directors, none of these should be spouses or otherwise related to one another.
- Limited liability partnerships
- Churches or other places of worship, where the building or the space within the building will remain mainly in use as an active place of religious worship – defined as hosting regular religious services or religion-based activities such as prayer or religious study. If you are unclear whether your project is eligible based on religious activity taking place within your building, please speak to our Investment Team.

How to apply

There are no deadlines for applying to our Loan funds. However, where possible we strongly encourage applicants to submit an Expression of Interest at least three months before a decision is required. As a specialist lender for historic buildings we understand each project is unique therefore we consider each application individually on its merits, with full assistance given throughout the application process and beyond.

Stage 1: Expression of Interest – complete our short online [Expression of Interest](#) form here. The form asks for initial information about your organisation, the building you are interested in, and your plans for it.

One of our team will then contact you to discuss your requirements and answer any questions you have. We will ask you questions about your project to determine if repayable finance is right for you.

Stage 2: Full Application – if your organisation and project are eligible and your plans sufficiently developed to provide all the information and assurance we need, we will invite you to submit a full application.

Alongside your completed application form we will require the following supporting documents:

- We will require as a minimum an outline business plan, setting out the scope of the project, aims and objectives, market research undertaken, financial appraisal, details of the Trustees or Directors and a summary of their skills and experience.
- A completed Social Impact Framework, applicable for Heritage Impact Fund applicants only.
- A project cost plan and programme of work, if applicable.
- An income and expenditure budget including cumulative cashflow and AHF loan drawdown and repayments over a minimum two-year period.
- Copies of any planning approval and listed buildings consent, if applicable.
- A valuation of the building in its current condition and once refurbished (if appropriate) undertaken by an independent expert on an RICS Red Book basis, if available. Any indication of the likely value is helpful even if you do not yet have a formal valuation report.
- Your most recent management accounts showing income and expenditure/profit and loss, including a balance sheet, for the year to date.
- The most recent copy of your audited accounts.
- A copy of your governing documents e.g., Memorandum and Articles of Association.

- A selection of good quality photographs and images of the building to a high resolution.

Please ensure you have read this guidance in full before starting your application and refer to the application form help notes as you complete your application.

How are applications assessed?

We will consider all the following when assessing your application:

- The heritage value of your building.
- The viability of your project, looking for evidence that your project is well planned, is fully funded / has a robust fundraising plan, that your business plan is sustainable and that you have understood and mitigated for the main risks to the project.
- Whether cashflow projections show that your organisation / the project is financially sustainable and that loan repayments will be affordable.
- For applications to the **Heritage Impact Fund**, we will expect to see demonstrable commitment to achieving social impact or community benefit, evidenced through a completed Social Impact Framework. Further details will be provided by the Investment Team once we determine which of our funds your project is most suitable for.
- Your organisational track record and capacity to deliver the work proposed.
- The financial health of your organisation and whether your governance systems are sufficiently robust.
- The appropriateness of any security offered.

Your application will be assessed, and due diligence checks undertaken, by our Investment Team. A recommendation will be submitted to our Credit Panel for a decision. Our Credit Panel is comprised of highly experienced individuals from across the UK with a range of community, commercial and financial expertise.

The Credit Panel meets on a quarterly basis to make decisions on loan applications. However, decisions can be made outside of these quarterly meetings in exceptional circumstances such as urgent requirement of funds. We will discuss timescales with you when you submit your Expression of Interest.

What happens after we offer you a loan?

Once your application has been considered by our Credit Panel, you will be informed of the outcome and if successful written confirmation, including proposed terms and conditions, will be sent to you. Once you have informed us you are content with the proposed terms and conditions, we will send you a formal loan agreement.

There will be terms and conditions which need to be met before the loan can be paid to you. We will work with you to meet these terms and conditions. If your loan is secured this will include working with solicitors to satisfy our security requirements.

As part of the application process, we will discuss likely timescales for when you require the loan funds. The loan may be drawn in instalments.

On a quarterly basis you will be asked to provide monitoring information which will include a project update, a copy of your most recent management accounts and an up-to-date cashflow.

Heritage Impact Fund clients will also need to report on achievement made against targets in their Social Impact Framework.

Completing a Social Impact Framework

The Heritage Impact Fund offers tailored finance for charities, social enterprises and community businesses across the UK seeking to acquire, reuse or redevelop buildings which are of historic or architectural importance. As well as delivering impact that supports the sustainability of historic buildings, the Heritage Impact Fund supports projects that are seeking to deliver demonstrable local economic and community impact: **heritage and social/community/local economic impact are twin aims of the fund.**

As part of the loan application process clients are required to provide a measurable social impact framework which needs to be reported on a quarterly basis.

If the Investment Team determines your project or activity meets the criteria for our Heritage Impact Fund programme, you will be sent the Social Impact Framework for completion.

To assist you in completion of the form and identifying key social impact areas for the Heritage Impact Fund programme we have put together a Social Impact Framework. You will need to identify which outcome area(s) your project relates to and that our investment will directly support you in achieving.

Please complete the form by using the selected Outcome Areas and Specific Outcomes that are relevant to the purpose of the Heritage Impact Fund loan investment, along with a maximum three additional Outcomes that your project will demonstrate in delivering local economic and community impact. An example Social Impact Framework is provided at the end of this document.

The Social Impact Framework will effectively capture and enable both yourselves and the AHF to monitor the agreed outcomes. Evidence and data on Social Impact delivery to be reported on a quarterly basis, where applicable.

Social Impact Framework

Outcome Area	Specific Outcome	How will it be monitored/evidenced
To support people and communities to own, repair, and re-use historic buildings for new sustainable uses, particularly those based within top 30% most deprived community	1.1 Building is acquired by community group	<ul style="list-style-type: none"> Funds secured for purchase / lease
	1.2 Building is repaired and refurbished to appropriate standards	<ul style="list-style-type: none"> Funds secured for repair and refurbishment
	1.3 Building is removed from Buildings at Risk Register (BARR)	<ul style="list-style-type: none"> BARR confirmation of removal
	1.4 Area of space refurbished/created	<ul style="list-style-type: none"> New use(s) created New housing units created
<p>A diverse range of people benefit from heritage</p> <p>Example beneficiaries that may drive social impact delivery but not exclusively:</p> <ul style="list-style-type: none"> Vulnerable children & young people Vulnerable adults Older people (over 65) People with disabilities Unemployed people BAME People People with addiction / experiencing homelessness. 	2.1 New and long-term employment opportunities will be created	<ul style="list-style-type: none"> Is in a part time role (less than 16hrs pw) Is in a full-time role (more than 35 hrs pw) Has a permanent employment contract
	2.2 Training and apprenticeships will be created	<ul style="list-style-type: none"> Is in full time training Is in part time training Other level of attendance (in hours pw) Level of attainment achieved Increased level of numeracy and/or literacy
	2.3 People will develop skills	<ul style="list-style-type: none"> Has developed skills in community engagement, business planning, project management and/or fundraising
	2.4 More people will be able to volunteer and support heritage	<ul style="list-style-type: none"> Has reduced isolation and improved self-esteem Has developed communication skills Has developed teamwork and relationship building skills More informed about local heritage

<ul style="list-style-type: none"> • People with long term health needs • People with mental health needs • Women 	2.5 Organisations will engage with a wider audience	<ul style="list-style-type: none"> • Has attracted new audiences
Heritage organisations are more resilient	3.1 Stronger organisational governance arrangements will be put in place	<ul style="list-style-type: none"> • Has carried out organisational health check • Has recruited new Directors/Trustees with relevant skills • Has attended governance training • Implemented new policies and procedures
	3.2 A sustainable business plan will be developed	<ul style="list-style-type: none"> • Organisation in operation 12, 24, 36 months from receipt of funds
	3.3 New businesses will be attracted to the heritage building	<ul style="list-style-type: none"> • Has attracted commercial businesses to use heritage building • Has attracted not-for-profit organisations to use heritage building
	3.4 Sustainable new uses will generate an increased turnover	<ul style="list-style-type: none"> • Has secured new contracts • Has secured new grant funds • Earned income generated from new activity
	3.5 Heritage organisations will learn new skills and be able to undertake new projects	<ul style="list-style-type: none"> • Has developed skills in community engagement, business planning, project management and/or fundraising

Social Impact Reporting Framework *(completed example)*

Please note the Investment Team will provide support in completion of the Social Impact Reporting Framework.

Outcome Area	Activity	Specific Outcome	How will it be monitored/evidenced	Target	Achieved
<i>To support people and communities to own, repair, and re-use historic buildings for new sustainable uses</i>	<i>Provision of affordable access to local facilities and amenities for the local communities based within 20% IMD</i>	<p>1.1 <i>Building is acquired by community group</i></p> <p>1.2 <i>Building is repaired and refurbished to appropriate standards</i></p> <p>1.4 <i>Area of space refurbished/created</i></p>	<p><i>Land register record</i></p> <p><i>Photographs</i></p> <p><i>Evidence of Funds raised</i></p>	<p><i>1 building acquired</i></p> <p><i>1 building repaired</i></p> <p><i>3 work spaces created</i></p>	
<i>A diverse range of people benefit from heritage</i>	<i>Volunteering opportunities for unemployed people and older people in delivering activities</i>	<p>2.3 <i>People will develop skills</i></p> <p>2.4 <i>More people will be able to volunteer and support heritage</i></p>	<i>Evaluation forms</i>	<p><i>Yr1 – 50 people</i></p> <p><i>Yr2 – 50 people</i></p>	
<i>Heritage organisations are more resilient</i>	<i>Affordable workspaces available for locally based entrepreneurs and SMEs</i>	3.3 <i>New businesses will be attracted to the heritage building</i>	<i>Letting/tenancy agreements</i>	<p><i>Yr 1 – 1 space let out</i></p> <p><i>Yr 2 – 3 spaces let out</i></p>	