“DESIGNING INVESTMENT FUNDS FOR UNESCO SITES: DEMAND, GOVERNANCE AND STRUCTURE”

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This report has been realized thanks to the collaboration of numerous actors involved at different levels in projects related to the preservation and promotion of cultural heritage in Europe, interviewed between September 2013 and October 2014. Their contributions and the information they shared have been essential for the realization of this work.
Objectives of the report

The actual European political and economic context and constraints on the availability of public funds draw attention to the need to mobilize new financial resources for the conservation, rehabilitation and promotion of cultural heritage. The safeguarding and management of cultural, natural, architectural, material and immaterial heritage concern different studies: arts, history, restoration, architecture, urban planning, economics, and finance. The approach of these disciplines to the question of safeguarding continues to evolve all the while adapting to new technologies, needs, cultural and economic priorities, and financial constraints. In any case, all efforts aimed at safeguarding cultural heritage require resources. For this reason, this report will focus on investment and funding issues.

Starting from the presentation of the evolution of economic and cultural approaches to the safeguarding of cultural heritage, the report explores and conceptualizes the possibility of developing new apt financial models. Innovative approaches will be presented and examined to address the challenges and to find new solutions for financing heritage investments, particularly in the European cultural and financial context and in relation to Unesco sites. From this perspective, the report examines different typologies of sites, their multiple uses and activities, and seeks to understand how to capture, in financial terms, the direct and indirect benefits generated. The scope is to identify, for each type of site, specific asset components that could be developed as revenue-generating activities in order to repay investors or donors. Pinpointing the sustainability of these investments is crucial in terms of attracting new investors and donors, at the local and international level, and in terms of developing new self-sustaining financial and revolving instruments. These instruments, possibly combined with subsides, grants, tax incentives and sponsorships are meant to become a stable support for safeguarding cultural heritage.

In order to fulfil this objective, it becomes important to inscribe these projects and investments in a dynamic system where cultural heritage becomes a key asset for strengthening social relations, revitalizing city centres, generating employment and improving the quality of life and the quality of the environment. Thus, cultural heritage assets will be understood as components of wider cultural systems and clusters of activities. The multiplicity of interests and objectives implies a strong diversification of involved actors that need to improve their collaboration and synergy. The highlighted cases will also reveal a strong diversification of funding instruments that needs to be worked on.
Economic Approaches to Cultural Heritage

The economics of cultural heritage continues to evolve, partly by virtue of the expansion of its field of application, in addition to the redeployment of its objectives. Formerly, the importance of cultural heritage was mainly related to the notions of memory and identity, while nowadays it is the role of culture as a pillar of sustainable development that is becoming stronger, as highlighted by the cognitive, social, economic, and environmental impacts that it can generate. This evolution is certainly related to the transformation of the concept of cultural heritage, the extension of its field and the redefinition of the related value system. Thus, it is necessary to stop thinking vertically, by giving the highest priority to a single value, and to start thinking horizontally, taking into consideration the largest number of values. This shifting of borders and objectives seems essential in order to gain a better understanding of the challenges of heritage conservation, and especially, the issue of its funding.

The needs to shift our perspective becomes ever so clear in consideration of the main evolutions of the economics of cultural heritage:

- Initially, the conservation of cultural heritage was viewed as a liability and its value was mainly associated to its existence. This means that individuals and communities valued a heritage item for its mere existence, even though they themselves may never experience it, use it or “consume” its services directly. In this case, heritage is considered as a financial burden, and its conservation is generally ensured by States, through subventions, or by philanthropists and interested people, through donations. This conception has led to the implementation of public cultural heritage policies in several European countries. These last were based on the idea that heritage contributes to the constitution of national identities and it was consequently fundamental to preserve its existence and authenticity.

- However, there are other values, like use-values, that cannot be ignored. Use-values refer to the goods and services that flow from cultural heritage, and that are tradable and priceable in existing markets. For instance, goods and services related to cultural heritage can include a visit or a specific guided tour to cultural or natural sites, the publishing of postcards and publications about the site, the renting of museum spaces for private events, the organization of a concert in the garden of a palace, the creation and renting of houses and offices in historical buildings. These multiple uses and reuses of cultural heritage and the resources they generate become crucial to support the conservation of the original asset and its existence value. Indeed, the development of economic activities around a specific monument and cultural site can certainly multiply positive effects and create new sources, complementary to subventions and donations. This becomes even more important if we consider the need to compensate public fund reduction. Therefore, the sustainability of cultural heritage increasingly depends on the market rather than on unpredictable contributions. Nevertheless, two reasons prevent the entire application of this solution:

  o Firstly, even if cultural heritage is able to create new incomes, these incomes mainly benefit upstream actors (e.g. craftsmen, conservation enterprises) or downstream actors (e.g. hospitality industry) that rarely give a part of the created value back to cultural heritage. In order to address this problem it is important to identify, for each asset, the specific supply and value chains. This means to define the structures and possible evolutions of supply and value chains, the actors involved, and the apt financial solutions. Public
strategies, incentives and tax systems reveal themselves to be crucial in terms of designing a general framework for public and private interventions and in terms of sharing the costs and revenues generated by cultural heritage preservation and uses.

- Secondly, the potential generation of income by visits is reduced by policies in favour of accessibility that may lower entrance fees. However, these trade-offs between private and public objectives are often necessary to consolidate the models of governance of cultural heritage and to foster positive, non-monetary, impacts.

This means that any increase in revenues generated by the uses of cultural heritage cannot entirely compensate the reduction in voluntary, public and private contributions, that are still necessary to ensure the maintenance and conservation of heritage sites. This is even more relevant if we consider that the economy of cultural heritage is an exceptional economy, both unstable and unprofitable: unstable because its resources are difficult to predict, and unprofitable because a considerable part of the profits created do not benefit the cultural assets they flow from, and, additionally they are rarely reinvested in conservation and restoration.

- Nowadays, the main challenge is to transform this unstable economy into a sustainable one, on the basis of the idea that cultural heritage can drive development in various fields including economic, social and environmental. How can we modify the traditional view of cultural heritage as a liability inherited from the past, to a more contemporary one considering heritage as the core of a productive ecosystem benefiting the entire society? In the case of tangible cultural heritage, it is necessary to identify and underline the possibilities offered by a built environment of quality, often largely unused. In the case of intangible cultural heritage, it is essential to emphasize its potentiality, in terms of know-how and experience, in order to find new solutions to contemporary social, cultural, ecological, and health problems, and to incite innovation and creativity. Certainly, in order to make these impacts sounder and more sustainable, it is necessary to strengthen the link between heritage and finance by understanding how to financially capture benefits and by delineating the financial sustainability of valuable cultural investments.

Funding Cultural Heritage: Main Constraints

The financial dimension of this new economy of cultural heritage is becoming a priority of the cultural heritage agenda. Nevertheless, the possibilities of capturing financial benefits are narrowed by three constraints:

- Firstly, visits and other uses of cultural sites are often considered as an experience good. This means that it is difficult to estimate prior to consumption the quality of the good or service and the satisfaction it could generate. Consequently, previsions are uncertain and risks are high. This is a general characteristic of the economy of cultural goods and in reality it generally means that validation in terms of the quality of a good or service, flowing from cultural heritage (e.g. a visit, a guided tour, a concert, a hotel or a restaurant in a heritage site, a publication, a design object etc.), necessarily derives from personal experience and a consequent sharing of one’s satisfaction. When the quality level is confirmed, new consumers and customers can be involved and investors can expect to earn profits.

- Secondly, even when some uses of heritage appear capable of creating income, the
development process (e.g. restoration and rehabilitation works) may be complex and the payback period long. For example, the rehabilitation of ancient constructions as dwellings often represents a strategic and profitable use for historic heritage. Even so, these projects may require an intense and complex period of preparation in order to be designed and validated by the administrative bodies, to find those charged with the pertinent skills, to realize the restoration works, to develop appropriate communication between the actors, to attract new customers, and in terms of their overall suitability to make a return on the investments. This is also the case in terms of publishing or audio-visual activities, critically related to the recognition of intellectual property rights. Hence, the characteristic of these new uses of heritage is not necessarily the weak income, but mainly the efforts needed to realize them and the long period required to pay back investors.

- Thirdly, as noted above, the profits generated can benefit to other actors, rather than the ones directly in charge of the conservation and the promotion of heritage. This dissociation between the activity cost, on the one hand, and the capture of benefits on the other, creates a problem of externalities within the economy of cultural heritage, which can lead to sub-optimal situations. The best solution to avoid this problem is a highly integrated level of management permitting a more general understanding and sharing of costs and benefits. An interesting example is given by the management of Disney sites where accommodation and food services are integrated within the perimeter of the entertainment park and the profit they generate contribute to the maintenance of the attractions of the site that generate low direct profits and high positive externalities. This solution can make cultural heritage sites economy sustainable and profitable.

Financial Issues

Budget restrictions in many European countries and the pressure exerted by the continuous growth of cultural heritage elements on scarce public resources make the need of finding new financial resources urgent. Thus, the current challenge is to create a system:

- Developing new uses of cultural heritage and revenue-generating activities.

- Strengthening the relationship between new uses and conservation objectives, in a sustainable perspective.

- Involving all stakeholders (public authorities, enterprises, universities, institutional investors, inhabitants, associations etc.). Focus groups, public presentations of achieved results, publications, information points, educational kits, informative websites may be some of the tools that would be employed to involve and strengthen the link among different stakeholders.

- Associating all stakeholders in the process of realization of expected benefits, that can last a long time.

- Ensuring that the external effects created by some agents, but beneficial to others, are correctly internalized either by mutual commitments in terms of investments, or through appropriate transfers. For instance, this means that in order to overcome the difficulties of persuading the hospitality industry of the interest of sharing its gains with other cultural heritage institutions, it may be easier to involve them directly in defining urban strategies, in management plans, in discussion groups where their contribution to the quality of the heritage ecosystem in the long-term is clarified.
This approach inherently brings with it a reconsideration of financing principles, no longer based on discretionary grants, sponsorships or unexpected benefits, but rather on sustainable commitments and mutual funding. The former is oriented to the creation of sustainable funding, the latter to the creation of a positive-sum game.

**A Field of Study: Unesco Sites in Europe**

The need for a sustainable economy and funding of cultural heritage is a need that concerns all its forms. However, it is even more pertinent in consideration of cultural heritage assets inscribed on the World Heritage List. This list was introduced in 1972 by the Unesco Convention Concerning the Protection of the World Cultural and Natural Heritage. State Parties have the duty not only to identify potential sites to be included on the list but also to protect and preserve them through planning programmes, dedicated staff and services, and scientific and technical conservation research. The selection is based on the recognition of the outstanding universal value of the given site to be listed as well as on a set of criteria, regularly revised in order to reflect the evolution of the World Heritage concept. Inclusion on the list depends on the meeting of at least one out of the listed criteria. On the one hand, this recognition increases the visibility and popularity of the site and makes people more aware of its value, inciting and creating new funding opportunities. On the other hand, the increasing number of sites included on the World Heritage List and the limitation of the range of uses of the asset raise funding needs.

In the specific case of European countries, we note that the continuous registration of heritage assets on the World Heritage List, not only helps to identify cultural heritage, raising awareness in terms of its value and instigating an increased respect for the past, but it also imposes new financial obligations in terms of preservation and promotion. The financial burden becomes even worse if we consider the restrictions regarding alternative uses of heritage, that could alter the integrity of the site, but that could also represent a potential source of income. Many States and Unesco sites face increasing difficulties in mobilizing the resources they need, for the following reasons:

- Where conservation was based primarily on public funds, current public debt constraints leave little hope for cultural heritage conservation. In this sense, at the level of national and local governments we see a certain sway in favour of non-cultural activities. Even when, however, cultural activities are the focus, attention is primarily focused on performing arts rather than cultural heritage.

- Where conservation and promotion were mainly based on voluntary private contributions, a similar tendency can be observed since corporate philanthropy follows the economic conjuncture. The crowdfunding system, permitting the financing of initiatives through the aggregation of small amounts of money provided by a large crowd of people, usually via a website, seems to open up new perspectives. Nevertheless, this system presents some critical aspects: the current legislative framework is still restrictive and unclear, the campaign strategies are often not well defined, it is not easy to reproduce successful results, and it is difficult to evaluate the quality of projects meaning that many potential investors mistrust the generation of funding via digital means.

**Unesco Sites and Financial Issues**

If we consider the selection process of elements to be inscribed on the World Heritage List, it becomes clear that this system does not always assign the same importance to artistic value and
financial sustainability. It is of course normal to refrain from equating the outstanding universal value of a site and the financial sustainability of restoration and promotion projects. Nevertheless, the fact that financial issues are not always taken into consideration in the selection process means that the necessary pressure to create a consensus among actors and potential investors at the moment of inscription is not generated. This emerges from a primary analysis of the official documents published on the Unesco website concerning sites inscribed on the World Heritage List:

- Nomination file.
- Advisory body evaluation.
- Periodic reporting.

**Nomination file**
The nomination file gives a presentation of the site to be registered on the World Heritage List and justifies the reasons for its inscription. It is prepared and presented by State Parties, with the advice and assistance of the World Heritage Centre. It includes all the documentation and maps needed to evaluate the outstanding universal value of the element as well as the fulfilment of at least one out of ten selection criteria.

Limiting our first analysis to the 27 State Parties belonging to the European Union, 337 Unesco sites have been considered, among these, 18 concern transboundary sites. The nomination files edited before 1998 rarely present information about financial resources necessary to ensure the conservation and the management of the site, while those from 1999 onwards often reference a point on “sources and levels of finance”. This point can include information about the different kind of sources, specific programs implemented to safeguard and increase the value of the site, and the related amounts (some only indicate the level of intervention for example from public, private, national, regional, or local level).

Considering the 337 sites analysed, only 151 nomination files are accessible online and 117 show information about sources and levels of finance. Out of these, only 49 nomination files indicate precise data concerning the financial sources mobilized. This means that in general the information presented by the nomination files on financial resources and instruments is very basic and does not permit the development of an in-depth analysis of financial issues.

**Advisory body evaluation**
The nomination file is evaluated by the appropriate advisory bodies: the International Council on Monuments and Sites (ICOMOS), the World Conservation Union (IUCN), and the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM). This evaluation provides advice on the conservation of cultural sites, as well as on training activities.

The advisory body evaluation always presents basic data on the property and its localization, a description, from an artistic and historical point of view, of the property to be inscribed, a clear analysis of the outstanding universal value, integrity and authenticity of the site, justifying its inscription on the world heritage list. Additionally, information on the protection, conservation, and management of the site is generally indicated. This last point is interesting because it underlines the ownership of the site, the legal status of protection, the conservation measures undertaken and the management plan adopted, as well as the financial and technical resources mobilized. Nevertheless, the degree of precision can vary from one site to the other, making evident that information regarding the financial sustainability of the projects related to the site is not crucial at this stage.

**Periodic reporting**
Periodic Reporting is the procedure by which States Parties to the World Heritage Convention provide information on properties located on their territories. These reports are elaborated region by region, on the basis of a six-year cycle. The first cycle of periodic reporting has been achieved, for

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1 This analysis has been done in September 2013, consulting the documents available on the Unesco website: http://whc.unesco.org.
European State, in 2006. This reporting concerned properties inscribed up to and including 1998 (212 sites out of 337). The next cycle of reporting will be achieved in 2015.

The information provided by the periodic reporting is quite general and not particularly relevant in terms of understanding the complexity of the financial issues not to mention consideration of innovative solutions. Nevertheless, some general considerations can be highlighted:

- The lack and fragmentation of information is probably due to the fact that management and financing responsibilities are often shared by many agencies and stakeholders, especially in the case of complex heritage systems like urban centres and cultural landscapes. Consequently, any delineation of actors and their input in terms of resources is difficult.

- The main source of funding of World Heritage sites is constituted by public funds, by they national, regional or local. Generally, a structural budget for the maintenance and conservation of the site, as well as extraordinary budgets for specific projects, are included.

- Besides public subsidies, tax incentives are indicated as playing an important role in stimulating private interventions. Private sources mobilized primarily include grants from foundations and other private institutions, sponsorships and donations.

- At the international level, consistent financial support can be drawn from organizations and foundations, such as UNDP, Europa Nostra, the World Bank, the World Monuments Fund, and the Getty Institute. Several countries have also received assistance through the World Heritage Fund. In addition, the diverse programs of the European Union represent a crucial source of funding for cultural sites, permitting the safeguarding of world heritage in a broader economic, cultural, and social system.

The 2006 report underlines the fact that the budget for heritage is increasing in several State Parties. However, the available funding is insufficient for the management of many European sites: for one-third of Western and Mediterranean sites, 43% of Nordic-Baltic sites, 65% of Eastern and Central sites, and 53% of South-Eastern European sites. This problem may be related to a real lack of sources, but also to inadequate management and lack of cooperation between institutions in charge of the sites.

On the basis of these general considerations, it becomes clear that pursuing safeguarding objectives requires significant and sustainable financial support: How to ensure it? Which new financial tools and models can be developed? Which specific characteristics should these instruments present? Which kind of activities should be financed in order to guarantee financial return and positive outcomes? Which new investors can be involved? Can public measures foster positive outcomes and limit negative ones?
CASE STUDIES

In order to address these issues, a compilation of eight case studies on financial solutions related to conservation and management of cultural heritage sites have been realized. This work allowed a collection of data, information, and experiences on the subject of funding heritage that can inspire further uses and developments. The case studies selected respond to the following criteria:

- **Location**: they are all located in different European countries and in different contexts: historic urban centres, industrial areas, rural landscapes, and underground sites.

- **Existence value**: they all present an important existence value, legally recognized within the legal framework of the State where the sites are located (most of them are also inscribed on the Unesco World Heritage List by virtue of their outstanding universal value).

- **Types of uses**: they conjure a general idea of the wide range of activities that can be developed in cultural heritage sites.

- **Financial instruments**: they have all been able to mobilize specific financial instruments to sustain the conservation and promotion of the site, showing a capacity of diversifying these instruments and combining them in order to achieve ambitious objectives.

- **Actors involved**: they all present the involvement of a multiplicity of public and private actors, and different strategies of collaboration.

- **Sustainability of the projects**: all the projects analysed in the framework of the heritage sites selected seem to be sustainable in the long-term. In other words, they are not based on temporary and unstable activities and funds and the resources mobilized are meant to incite long-lasting behaviours and spin-offs.

Once the case studies were identified, we adopted a method of analysis that consisted in interviewing actors involved at different levels so as to gain a general and, insofar as possible, a complete understanding of how projects were defined and implemented, how they worked, and, more particularly, how they dealt with financial issues.

Cases related to Unesco World Heritage sites have been preferred for this study since they are selected, from a cultural point of view, by a common evaluation procedure related to their outstanding universal value. All these cases present similar constraints in terms of potential uses and possible financial solutions. Nevertheless, some cases not related to Unesco sites have also been chosen so as to decipher whether or not original responses to financial problems can be discerned.

The eight cases selected are the following:

- Historic Centre of Porto, Portugal.
- The Palladian Villas, Veneto, Italy.
- Bordeaux, France.
- DOMunder, Utrecht, The Netherlands.
- Strade Nuove and the System of the Palazzi dei Rolli, Genoa, Italy
- Manufaktura, Lodz, Poland
- Portland Works, Sheffield, England
- Château Fort de Sedan, France
Historic Centre of Porto, Portugal

The cultural heritage site
Porto is the second largest city in Portugal, with a population of 237,559 inhabitants (INE, 2011). The site of the actual city, nearby the Douro River, was occupied in the 8th century BC, initially by a Phoenician settlement, and later, in the 1st century BC by the Romans contributing to its development as a commercial port. During the 5th century, barbarian invasions began and many successive groups attacked the city (Visigoths, Normans, and Moors), until Porto became a part of the Castilian realm. This stability permitted the expansion of the city and the construction, in 1374, of a new town wall protecting both the original medieval town and the extramural harbour. The signing of the Treaty of Methuen in 1703 incited economic expansion and established new commercial links between Porto and England. The economic prosperity is attested by the rich Baroque architectural heritage. Porto played an important active role in the foundation of democracy in Portugal: leading the monarchy to adopt the seminal Constitution of 1822, raising against Miguel I in 1832, with the expulsion of the monarchy in 1910, and participating in the 1974 revolution. In the 19th century the city knew an urban and architectural growth around the Praça da Liberdade and the railway bridge designed by that Gustav Eiffel. The part of the city inscribed on the world Heritage List is mainly that enclosed within the Fernandine walls of the 14th century. This area partly conserves the medieval town plan and urban fabrics, two of the four original gates, the Torre da Cidade, many important ecclesiastical and public buildings, testimony of Romanesque, Baroque and Neo-Classical styles.

Recognition of the existence value of the site
The historic centre of Porto was inscribed on the World Heritage List in 1996 by reason of the outstanding universal value of the site. In fact, the archaeological remains, urban plans and buildings of Porto have a high aesthetic value and show the different phases of development of the city, from the 8th century BC, through the Romanesque, Gothic, Renaissance, Baroque, Neo-Classical, and modern periods. The architecture and plans play testimony to the history of the city and in particular of its military, commercial, agricultural, and demographic functions. The urban plans show also a profound link to and the capacity of it to adapt to the natural environment.

Activities and use-values
The historic centre of Porto has known a constant decline in population since the 1940s. This has had a significant impact on many activities in this area. Nevertheless since 2008, the adoption of the Management Plan for the Historic Centre of Porto World Heritage established an active policy to rehabilitate the historic centre and better exploit its cultural, social and economic potential:

- **Housing** is one of the main functions attributed to architectural heritage in historic centres, and engages both private owners and public authorities in heritage safeguarding. Since the 1920s, the centre of Porto started to degrade and occupation decreased. This trend could be related to public policies freezing rents until the 1970s and later to high inflation rates (not compensated by a corresponding increasing of rents). Consequently, owners reduced maintenance works, and in some cases refused to rent their properties (resulting in the development of a black market). In addition, a policy inciting the acquisition of private houses, in favour of both constructors and owners, contributed to the abandonment and degradation of old houses. Certainly, this deterioration of buildings and public spaces contributed to the inability of the area to attract new residents. The inscription on the World Heritage List and the adoption of a Management Plan managed to secure the first tangible results: over the past five years (since 2008), the state of conservation of the buildings has improved: 126 plots have been restored (7,7%, Porto Vivo SRU 2013).

- **Real estate**: the real estate market is developing in relation to the process of rehabilitation. In 2012 (Porto Vivo SRU 2013), of a total of 1,756 plots in which the historic centre is divided, 108 (6%) where for sale (62%) or rent (38%).
- **Business:** in 2003, 1,427 companies were identified in the historic centre, which means 7% less than in 1996 (IDB, 2011). One of the reasons for this decline in business activity relates to the general deterioration of the area. Nevertheless, thanks to tourism development, new traditional, artistic activities have been emerging in the rehabilitated areas, attracting new customers and new businesses.

- **Services:** the area of the historic centre houses many services related to education, social and health care services, programs to support tourism and cultural activities, and sports and recreation. All these services are crucial and need to be fostered to support the attraction of new residents to the historic centre and to increase social diversity, limiting the effects of gentrification.

- **Infrastructures and equipment:** besides the rehabilitation of buildings, specific efforts have been undertaken to improve the environmental quality of the area (new equipment for waste collection, improvement of water network infrastructure and sanitation, requalification of streets, squares, and gardens, improvement of public transport etc.).

- **Heritage:** the different operations contribute to an improved state of conservation of the historic centre and the system of incentives established by the Management plan highly increases new works by private owners and institutions, with positive spin-off. Moreover, the rehabilitation works engaged have contributed to conduct surveys and archaeological monitoring.

- **Culture:** the historic centre of Porto houses an archaeological site, several museums, archives, ecclesiastic buildings, the São Bento da Vitória Monastery, the Palácio da Bolsa, and other cultural institutions. This cultural aspect offers benefits both to inhabitants and tourists.

- **Tourism** is benefiting of the requalification of the historic centre, of the new infrastructures and services created (new airport, low costs flights, transport from airport to city, leaflets, apps, information points), as well as of the development of cultural offerings.

**The project background**

Since the 1960s, Porto local authorities developed specific policies to preserve and manage the historical centre of the city. The main institutions involved were: the Municipality of Porto, the Commissariat for Urban Renewal of the Ribeira-Barredo Area (CRUARB, or Comissariado para a Recuperação da Ribeira-Barredo), the Institute of Urban Housing and Rehabilitation (IHRU, or Instituto da Habitação e da Reabilitação Urbana), and the Porto Vivo Society for Urban Rehabilitation (SRU, or Sociedade de Reabilitação Urbana).

Porto Vivo is the name of the complex urban rehabilitation project of Porto, established by the Porto City Council at the end of the 1990s when the city was designated as a World Heritage site. In 2004, the City Council created the Society of Urban Rehabilitation of Porto, Porto Vivo SRU, to implement the project. The society has 5 main objectives: to refurbish the buildings and structures of the city centre, to revitalise its local economy, to renew and enhance the social aspects of the city centre, to modernise its infrastructure and to facilitate efficient management of the renewed area.

The Porto rehabilitation strategy is defined by the city Management Plan, actualised every 5 years, that describes the features of the area, the intervention expected, strategies and actions for attracting tourists and business investors. A monitoring document is published every year to evaluate the main impacts and to actualize the strategy if necessary.

The following projects highlight some of the specific interventions that have been realized within the mentioned strategic framework:

- **Passeio das Cardosas** is a block of buildings built around 1910, and located between the medieval and the modern area of the city. Till the 1980s it was one of the main social, cultural and civic areas of Porto.

- **Palácio das Artes** was an abandoned building located in the centre of Porto and rehabilitated in 2009 by the Fundação da Juventude. The foundation is a private institution of public
interest, focused on training, entrepreneurship and youth employment support. It was created in 1989, with the support of 21 public and private institutions, and declared an institution of public utility in 1990. The foundation owns more than 100 infrastructures in Portugal.

- **Torre dos Clerigos** is a baroque tower completed in 1763 by the Italian architect Nasoni, who also designed the adjoining church. It is a popular tourist attraction, offering a wide aerial view on the city.

**Passeio das Cardosas**

The objectives

The rehabilitation project aims at returning this area to a central and vital location in the hearth of Porto. The project includes the creation of an underground parking, the rehabilitation of the square within the building as a place accessible to the entire population, and the restoration of the main buildings for housing and commercial uses. The restoration works have been committed, after a public consultation, to Lúcio, a family company, that, for the past 70 years, has been active in the sector of rehabilitation and construction in Portugal. The company holds the skills needed both for construction and restoration and did not have to employ new workers to realize the project. The works have been realized within the framework of the Porto Vivo rehabilitation strategy. The Porto Vivo SRU project leader has been responsible for the expropriation process and the relocation of old owners and occupants (6/7 families, while 2/3 families refused to leave and obtained permission to stay). The capital invested in this operation by Porto Vivo SRU is funded by the State (60%) and by the Municipality (40%). The rehabilitation of Passeio das Cardosas is a private/public initiative where common actions and objectives have been defined and pursued.

Financial instruments

The rehabilitation project has been organized in the following steps:

- The construction of the car park: 300 parking places were created costing 5 M€ and after the realization it was sold to the company SABA at 6.2 M€, for management and commercial exploitation.

- The foundation of an investment fund: the capital obtained with the sale was reinvested by Lúcio to establish an investment fund necessary to finance the rehabilitation of the square and the buildings. FundBox is the enterprises ensuring the management of the investment fund. FundBox has 20 years of experience in this field, 20 employees, and manages 15 funds with a total capital of 600 M€. The society creates funds for specific needs only, adapting to the investors and their characteristics. The fund associated to the project entitled Passeio das Cardosas was created for the society Lúcio in 2011 with incomes coming from the sale of the car park (6.2 M€) and 1 M€ from Jessica UDF. It will be liquidated in 2016.

- The rehabilitation of the square: a private space for public use that has been renewed by the company in the framework of the Quarteirão das Cardosas project.

- The restoration of the main buildings of Passeio das Cardosas created 52 new apartments and 19 shops. The cost of the investment is estimated at 6 M€. To appropriately fund the operation, the FundBox found was created. The constitution of the fund permitted facilitating cash flows and reducing tax pressure (even if all tax incentives for restoration projects have now been lost as a result of the financial crisis). When the restoration is completed, Lúcio has 2 years to achieve the sale of shops and apartments, otherwise the company has to pay to Porto Vivo SRU the potential missed profit: 50% of unsold m2 (at an established price of 1,900€). At the moment, the main results of the operation are the following, and they are equally shared between Porto Vivo SRU and Lúcio:
  - 16 shops have been sold, mainly to investors that bought more than 1 shops (the major investor bought 7 shops). The intention of investors is to rent the shops or sell them when prices rise. All investors are Portuguese.
50% of the apartments have been sold, to private families or to investors that bought more than one apartment (2/3 investors bought an average of 4 apartments each). Major investors are Portuguese and bought them with a view to renting or reselling; while individual investors are private buyers from Portugal, USA, China, and Brazil. The price per m² is about 2,200 € which is less expensive than other areas of the city (e.g. the average at the river side is about 2,500 € per m² and the area near the beach 2,500/3,000 € per m²). Nevertheless, this is a high price for the historical centre where prices are generally low given the general conditions of the buildings. This price is also higher than the minimum price for sale agreed with Porto Vivo SRU that was 1,900 € per m².

- Hotel rehabilitation is not included in the operations realized by Lúcio, but was funded by ERDF funds.

**The Jessica model**

Jessica (Joint European Support for Sustainable Investment in City Areas) is an initiative of the European Commission developed in co-operation with the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). Jessica is a financial engineering mechanism that has been designed to address the problems of urban areas and to support sustainable urban development. Practically, EU countries can choose to allocate some of the contributions from the European Regional Development Fund (ERDF) to Urban Development Funds (UDF) which then invests them in various urban projects involving public-private partnerships. These investments can take the form of equity, loans and/or guarantees. The Portugal UDF is equal to 335 M€ financed by EIB (that channels ERDF funds, 132 M€) and co-financed by other banks and institutions (like Caixa General de Deposito that funds 36.5 M€ and an additional credit line of 81.6 M€). The core of Jessica can only fund some specific projects (e.g. housing projects are not eligible), but co-fundings can also be used for projects that do not relate directly within the framework of Jessica. Owing to the revolving nature of the instruments, returns from investments are reinvested in new urban development projects. This permits to recycle public funds and further fostering of the project’s sustainability. In the case of Porto, Jessica has been particularly important:

- for companies that run profitable businesses, but, because of the crisis, face difficulties in terms of securing bank loans;
- for activities that can be profitable only with suitable loan conditions;
- for social and cultural projects where Jessica UDF covers 30-40% of the cost, while the rest is financed by other incentives, equity or grants.

Jessica has proven itself to be a very successful model, that can be improved and adapted to specific typologies of projects. It is intended that the model become proactive and act as a real urban development fund, designing projects and strategies that can be implemented. This would essentially mean creating the necessary conditions: creating new structures, developing new skills (university degrees and post-graduate studies related specifically to Jessica), involving more banks, agreeing shared strategies, and diversifying credit lines in order to meet specific needs.

**Palácio das Artes**

**The objectives**

The rehabilitation of Palácio das Artes by the Fundação da Juventude aimed at creating an incubator for young people to develop projects related to creative industries. The renewed space is organized in three floors: the first for multimedia activities, the second for workshops, exhibitions and concerts (500 m²) and the third for artistic residencies for young creators. Renewable contracts for one year are available. Outside the main building there is a restaurant, managed by very well known chefs, and two design shops. Palácio das Artes is one of the first sites rehabilitated in the historic centre and it has become a reference, capable of stimulating new private investments. Other similar
spaces with a cultural and public function in the city include: Casa da Musica, Fundação Serralves, Palacio do Bolsa.

Financial instruments
The building belongs to Fundação da Juventude and the restoration was financed by:
- IHRU (Institut for rehabilitation and urbanization).
- A loan of 1.6M€, at a good interest rate (euribor 6 months + 0.25 spread), for 15 years. The loan rate is more or less 7,000€ per month. To pay back the loan, the main revenue comes from the rent of commercial spaces (restaurant and shops) for 5,000€ per month. Nevertheless new projects have been planned. In particular, Fundação da Juventude aims at developing the cultural programme of Palácio das Artes, valorising the art collections of the most important companies in Portugal sustaining the foundation. The exhibitions should valorise the pieces of these collections and expose the work of young artists, contributing to the achievement of the objectives of the foundation i.e. to make young artists more visible. Similar projects have been realized by Palacio do Bolsa and have attracted more or less 200,000 visitors per year (paying, on average, a 5€ entrance fee).
- Finally, 1.9 M€ has been funded by community funds, through the financial line for rehabilitation ON2 (New North). This last public fund made the project interesting also from a financial point of view; otherwise it would not have been possible to sustain the entire cost of the restoration of the building.

Palaçio de Artes can become a sustainable project, also considering the fact that in 3 years the entire street will be renovated increasing its attractiveness in terms of tourism.

Torre dos Clerigos

The objectives
The restoration of Torre dos Clerigos has been realized by the confraria Irmandade dos Clérigos with the objective of rehabilitating the ecclesiastic heritage of the historic centre and making it accessible to the public at large. This intervention increased the cultural offer of Porto and had a surely positive impact on tourism (both foreign and Portuguese). In addition, a Nasoni tour has been created as a network linking all the buildings designed by Nasoni.
A further project of the brotherhood concerns the creation of 3 museums about the history of Irmandade dos Clérigos and the work of Nasoni. This project will increase the cultural offer of the city, but having a very low economic impact on the revenues of the brotherhood, since the cumulative entrance price for the tower and the museum cannot exceed 2.5€. This is a limitation established by ERDF funds rules, that co-finance the project.

Financial instruments
The tower has been restored using funds from a combination of a Jessica loan and ERDF funds. The loan has to be paid back in 16 years, at an interest rate of 0% for the part funded by UDF and at a low rate for the part concerning other banks. The cash flow necessary to pay back the loan is generated mainly by visits: 430,000 visitors per year, paying an entrance fee of 2€. Four jobs have been created for the management of the site.

Results and interest of the project
- The activities defined by the rehabilitation strategy of Porto show the variety of efforts undertaken by the city authorities and private institutions in the last years to deal with the main problems of the historic centre: social and economical degradation and reduced population.
- The improved conditions of the historical centre contribute in attracting new residents. Nevertheless the risk of real estate speculation and gentrification is high, even if to it, a
significant number of restored social dwellings has been created and social programs implemented.

- The restoration of the cultural heritage valorises the image of the centre not only in terms of potential residents, but also for institutions, entrepreneurs and visitors.
- The financial support of Jessica UDF has been crucial in realizing the mentioned projects and demonstrates how low rate loans and specific grants can incite private initiatives.
- Further rehabilitation programs should foster the district dimension and involve all local actors, the first direct beneficiaries of rehabilitation programs. These actors may be involved also as investors in projects creating direct positive impacts for them. While institutional and public investors should sustain projects, where benefits are less tangible in the short term, since they have a longer vision and can better comprehend the global sense of the large-scale urban investments.
- Cultural heritage is often a sector with a lot of constraints, that can discourage investors. In reality it can also attract investors that are willing to operate in a market where competition is less prominent.

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The Palladian Villas, Veneto, Italy

The cultural heritage site
Andrea Palladio (1508-1580) has been recognised as one of the most influential architects in the history of architecture. His country houses, called “villas”, are disseminated throughout the Veneto region. They were built at a time when the noble families of Venice, after having amassed enormous fortunes in foreign trade, shipping and agriculture in overseas empires, started to invest their capital in large-scale agriculture in their homeland. Three main events led to this change: the expansion of the Ottoman Turks that conquered Constantinople in 1453, the discover of the Western word by Christopher Columbus in 1492, and the new sea route to Asia opened by Vasco da Gama in 1497. This new interest toward the Venetian countryside has thus been accompanied by the construction of suitable buildings that needed to be functional both for supervising a large agricultural establishment and storing its productions, and for offering repose and convivial spaces for the noble families and their friends. The work of Andrea Palladio was inspired by these new economic and living needs. The architect looked for new architectural solutions, based on the treatises and writings of Vitruvius, Alberti and Serlio. He studied and employed new materials, so as to realise and render affordable his projects: stone and marble were substituted with bricks and stucco, tapestries with frescos (e.g. realized by Veronese, Zelotti). Palladio always looked for balance and harmony creating a perfect correspondence between each part and the whole space, including the natural environment. Almost 20 Renaissance villas realized by Andrea Palladio survive today in the Veneto region. Moreover, his work inspired further constructions and a system of 3,803 villas exists today in the Veneto region and 435 in Friuli Venezia Giulia region. 14% of the Villas is owned by public or ecclesiastical entities and the 86% are privately owned.

Recognition of the existence value of the site
The Palladian Villas of the Veneto were inscribed on the Unesco World Heritage list in 1995 as an extension to the existing nomination of Vicenza of 1993. This nomination recognizes the unequalled value and influence of Palladio’s work in the history of architecture, as well as of the complex of Villas marking the identity of the regional territory. At the national level, art. 143 of Legislative Decree n. 42/2004 (Italian code of cultural heritage and landscape) establishes an obligation in terms of the compatibility of urban development with the cultural value of the landscape, with particular attention to the sites inscribed on the World Heritage List. In addition, law n. 77/2006 indicates special measures of protection and rules in terms of access to the Italian sites included in the World Heritage List giving priority in terms of the allocation of funding to these sites.

Activities and use-values
The conception of the Palladian villas is tightly related to their multiple functions in response to the owner’s needs and desires. Today, the safeguarding of this extensive heritage, and also of the entire systems of Venetian villas, requires a redefinition of traditional activities, particularly in relation to the available spaces and safeguarding constraints. The following transformation of the villas can be imagined:
- From residency of noble families to accommodation for tourists, artists, writers, for short and long-term periods.
- From incubator of all the activities related to agricultural to incubator of new economic activities (tourism, educational, artistic)
- From space for the social lives of noble families, to spaces open to meetings, concerts, weddings, visits, and guided visits.
- From agricultural barn (barchessa) to eno-gastronomic activities, restaurants, and sale of local produce.
- From family garden to open garden, open space for meetings and sport recreation.
Like in the original idea of Palladio, the revenues generated by the different activities around the villas should create a sustainable system, capable of ensuring the maintenance and restoration of the historical buildings.

**The project background**

The decline of the Venetian and Palladian Villas began after the end of the Venetian Republic, and worsened during and after the two world wars. It is after the 1940s that interested people, institutions and associations started to operate in order to make the State and public authorities aware of the importance of safeguarding the Villas. Even though this heritage was mainly privately owned, those private efforts were not enough. Consequently, the Entity for Venetian Villas was created in 1958 (Law n. 243/1958). To this consortium of Provincial Administrations for Tourism of the provinces of Belluno, Padua, Rovigo, Treviso, Udine, Verona, Venice, Vicenza, the State delegated specific tasks aimed at safeguarding the Villas. In particular, the consortium was provided with a revolving fund to be used both to give loans and grants to sustain private restoration projects, and to acquire/expropriate, restore and sell the most endangered villas.

In 1978, the experience of the consortium ended, because the legislation did not permit any more the legal management of the fund by the institution (that was acting like a bank), and one year later the regions Veneto and Friuli Venezia Giulia created the Regional Institute for Venetian Villas - IRVV (Regional Law n. 63/1979). The IRVV recovers the capital of the fund from the previous consortium. Since 1979, the management of the revolving fund (today 30 M€) is entrusted to the FriulAdria Bank. The owners of the villas can obtain:

- IRVV loans at a low interest rate (0% for Palladian villas) for a maximum of 200,000€,
- combined with a grant equivalent to 15% of the loan (that is attributed when the loan is paid back),
- and fiscal incentives for the restoration of heritage buildings.

Besides the support to restoration, the IRVV is committed to cataloguing, documenting and researching, and promoting activities. In 55 years, the Regional Institute had sustained over 1,900 interventions and funded projects for more than 290 M€.

Besides the general activity of the Institute, that concerns all the Venetian Villas, specific projects are developed by the owners in order to ensure the restoration and valorisation of their villas, as showed by the following cases:

- **Villa La Rotonda**, a Renaissance villa, built by Andrea Palladio in 1565 for Paolo Almerico, a priest retired from the Vatican in Vicenza, his home town. The villa was ceded in 1592 to the Capra brothers, who completed the building. The building was later abandoned from 1848 till 1912, when Andrea Valmarana bought the Villa for his family.
- **Villa Godi Malinverni** was built by Andrea Palladio in 1542 and Gianbattista Zelotti, Battista del Moro and Gualtiero Padovano adorned it with frescoes. The park around the villa was rearranged in 1852 by Count Antonio Piovene. The Italian gardens behind the villa date back to the 17th century and the beginning of 18th century and are decorated with basins and fountains, and statues by Marinali and Albanese.

**La Rotonda**

**The objectives**

Villa La Rotonda is owned and managed since 1976 by Lodovico Valmarana, Andrea Valmarana’s son, with the help of his son Nicolò Valmarana, who continues to preserve it and to make it accessible for visits and other activities.

**Financial instruments**

The villa houses a wide range of activities: institutional (meetings and events for companies and important brands), pleasure (dinners with max 150 guests inside and over 500 guests outside,
weddings), culture (visits of the villa and the garden, concerts with max. 3,000 seats, shops with products related to the villa and local products, film settings).
The mentioned activities generate a cash flow permitting the current management of the villa, as well as the possibility of accessing more significant bank loans (e.g. IRVV loans at 0% interests, for interventions on the main building) so as to realize the required restoration works.
The villa opened its doors to visitors in the 1980s for two days per week. Today, it is open daily (except on Monday) from 10.00-12.00 and 15.00-18.00. The interior is open only on Wednesdays and Saturdays. The restrictive opening times do not facilitate unscheduled visits, but permit the private use of the spaces. The flux of visitors is quite important: almost 35,000/40,000 per year (10% come for private visits, 35% to visit the garden at a 5€ entrance fee, and 55% for visits to the garden and the interiors at a fee of 10€). The villa is also rented for private events at a lease between 3,000€ and 15,000€ per event (fully organized and supervised by the family Valmarana).
For extraordinary interventions like the restoration of the barn (barchessa) in 2005 (600,000€) and of the dome in 2008, specific loans have been obtained. For previous works realized in the 1970s, the funds were generated by the sale of other private properties belonging to the family, and, in 1979 from extraordinary income generated by renting the villa for 3 months for the filming of Wolfgang Amadeus Mozart’s opera Don Giovanni by the American film director Joseph Losey.

**Villa Godi**

The objectives
Remo Malinverni bought the villa in 1962, in a state of ruin, and began important restoration works. His son Christian Malinverni, inherited the villa in 1998 and continues the restoration and valorisation project. The aim is to preserve this important cultural site and to open it to visitors for different kind of activities. The villa is nowadays open to individual visits, groups and schools. It is available for hosting conferences, cultural and social events. The barns have been transformed into a restaurant, Ristorante Torchio Antico.

Financial instruments
In 1998 the villa employed 2 workers, received about 1,000 tourists per year and had an annual turnover of 250 M€. Today the number of employees has increased to 31 (plus 30 employed for special occasions). Besides visits to the villa, the site offers access to a museum, a restaurant, and different events. 50-100,000 visitors are received every year and the turnover raises up to 300 M€. Further projects concern the construction of apartments for longer stays. The latest restoration works cost 5 M€ and were funded by the profit generated by the activities of the villa, in addition to other private resources of the family.

Results and interest of the project
- The two cases analyzed show the possibility of managing in an efficient way private cultural heritage sites, generating benefits for the entire society.
- The existence of the IRVV contributes to the creation of a framework inciting the restoration and valorisation of projects. Additionally, it contributes to the generation of monetary resources.
- Nevertheless, the amount of the low rate loans (max 200,000€) offered by the IRVV does not always meets the needs of expensive interventions.
- The owners foresee, in the opening of the villa to the public for various uses, the possibility of sharing this heritage with other people, while simultaneously developing resources necessary to maintain the cultural site. However, this often means a loss of private access to the property and of private family uses, making the villa a museum, a monument, and no longer a living space.
- The major problem related to the private interventions concerns the difficulty of managing administrative procedures that often prevent private initiatives.
The introduction by the Italian Government of the IMU, new tax on real estate properties, in 2012 (also affecting properties having historical and artistic value) has negatively affected the management of many private sites (for Villa La Rotonda and Villa Godi Malinverni the IMU was approximately 30-40,000€).

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Bordeaux, France

The cultural heritage site

Bordeaux is a port city of about 250,000 inhabitants, located along the Garonne River in the Aquitaine region, southwest France. Founded by Gallic tribes, it became an important market town after the Roman conquest in 56 BC. From the late 12th century, the city experienced further commercial growth thanks to exchanges with Britain and the Low Lands. This economic prosperity instigated a deep urban and architectural transformation leading to the development of today’s townscape of Bordeaux. The renovation projects of Louis-Urbain Aubert and Marquis de Tourny, active in Bordeaux from 1743 until 1757, have been particularly important. During the 19th century, large-scale constructions were initiated, such as the first stone bridge across the Garonne (1810-1822) which subsequently contributed to the industrial development of the East side of the river.

The Unesco cultural site extends across 1,800ha out of a total of 4,455ha including the entire city, the Garonne river and the remains of the port. The site is mainly in private ownership (individuals, enterprises and non-governmental associations). Public buildings and plots are owned by the city of Bordeaux, the Gironde Department, the Aquitaine Region, the autonomous port and the State.

Recognition of the existence value of the site

In 2007, the nomination of Bordeaux, Port de la Lune, as a Unesco World Heritage site contributed to the recognition of the outstanding urban and architectural value of the city in addition to its crucial role as a place of commercial exchanges during the last 2,000 years. Besides this international recognition, 64 buildings are listed on the register of Historic Monuments (Monuments historiques), and 283 on the Historic Monuments Additional Register (Inventaire supplémentaire des Monuments historiques), referring to the French law of 31 December 1913. In addition, 31 ensembles are protected as industrial heritage.

Activities and use-values

Considering the extension and the complexity of the cultural heritage site, specific plans have been adopted to incite both the safeguarding and the development of the city and its heritage: the Safeguarding and Promotion Plan (Plan de sauvegarde et de mise en valeur - PSMV), approved in 1988 and revised in 1998 and again in 2002; the Convention Ville d’Art; the Land use plan (Plan d’occupation des sols - POS); the Local Town plan (Plan local d’urbanisme - PLU), the Global Project for urban renewal; and the Plan for urban transportation development. These plans seek to coordinate a significant number of activities and projects that aim at safeguarding monuments and historical buildings, improving quality of life, stressing the unicity of the city and attracting new inhabitants, business, and visitors.

The background of the projects

The site of Bordeaux, Port de la Lune, represents a living heritage, inhabited, and capable of adapting to contemporary ways of life and needs. Thus, the safeguarding of this heritage requires a constant balance of opposite trends: preservation and reconstruction, gentrification and social diversity, respect of traditional uses of historical buildings and development of new functions. The two cases analysed show the complexity of projects that can be implemented to preserve and promote cultural heritage, dealing with multiple objectives and finding apt financial solutions:

- Darwin Eco-System is an urban project located in the Niel military barracks, designated to become the future Bastide-Niel eco-district. The complex, of almost 20,000 m2, rapidly went into disrepair on its abandonment in 2005. Thus the project, which began in 2008, focused on both safeguarding this symbolic and unique urban site and transforming it into an economic and cultural centre.

- InCité is a Mixed Economy Company (Société d’Economie Mixte), which was created in 1957 and was charged with the planning and renewal of the urban built heritage of
Bordeaux. Its main shareholders are the Urban Community of Bordeaux, the city of Bordeaux, the Caisse des Dépôts et Consignations, the Caisse d'Epargne, and the Chamber of Commerce and Industry of Bordeaux.

**Darwin Eco-System**

**The objectives**

The Darwin Eco-System is a project that consists in renovating part of the abandoned Niel barracks so as to create an innovative work and living place for approximately 140 businesses and 20 hosted associations concerned with green and creative economy. The main idea is to imagine and realize new ways of working and cooperating that fit contemporary needs and ways of living all the while conscious to territory particularities and community considerations.

The main activities developed within Darwin Eco-System concern:

- The restoration of approximately 10,000 m²: 5,700 m² of offices and 1,700 m² of commercial premises. All restoration works respect environmental constraints and tenants sign a green lease binding them to respect specific ecological rules.
- The construction of co-working spaces: 1,000 m² of co-working spaces, divided into 100 desks rented at 290€ per month. The rent includes office furniture, high-speed Internet, meeting rooms and shared public areas (sofas, kitchens, toilets etc.).
- The establishment of an incubator of enterprises specialized in sustainable development, sustained by the city of Bordeaux.
- Events organization: the beauty and diversity of the space allow for the organization of different events, with a capacity of an audience of 1,000/2,000 people (e.g. Metamorphosis evening, Christmas market, biodynamic fair).
- Cultural and social activities organized by more than 20 hosted associations (e.g. Do It Yourself facilities, indoor bike polo and roller derby playgrounds, urban agriculture, meetings on urban planning etc.).
- Restaurant and groceries (Bazaar store) offering local organic products and creating a strong relationship with local economies.
- A city eco-lodge for short and longer-term stays, linking functionality, beauty and ecological concerns.
- A Spa, 2 rooms for fitness programmes, and 7 therapeutic cabinets for osteopathy, traditional massages, acupuncture etc.

**Financial instruments**

The acquisition of the land and the realization of preliminary studies required a budget of 5.1 M€ and the renovation of the buildings required a budget of 9.3 M€. This total investment of 14.4 M€ has been financed as follow: 23% equity, 72% bank loans (Crédit Agricole, NEF, Caisse d’Epargne), 5% public subventions (e.g. Conseil regional, FEDER).

The society SAS Darwin Bastide has been created to steer the operations of restoration and development. The capital of the society is financed by Groupe Evolution (83%), which is the main shareholder of the consulting agency INOXIA, and Archipel ISR (17%). Archipel ISR is a Socially Responsible Investment Fund created to open the capital of SAS Darwin Bastide to investors interested in supporting local and ethical purposes, and ready to accept a compromise between financial profitability and social and environmental performance.

In June 2014, Groupe Evolution decided to sell 28% of his shares held in SAS Darwin Bastide to new investors. This operation corresponds to the intention of the society to develop a participatory and collaborative dynamic. In particular, 10% of these shares have been designated to small investors through a crowdfunding operation realized by Happy Capital.
Non-monetary means
In 2010, an Endowment Fund (Fond de dotation) of 500,000€ (benefiting of tax exemption) was established and actively supported by the Groupe Evolution (95%). The fund sustains the interventions of hosted and external associations, as well as the organisation of event and activities within the Niel barracks complex. These social and cultural activities are complementary to the activities of the enterprises working within Darwin Eco-System. In fact, they help to increase the attractiveness of the complex for future enterprises, as well as for inhabitants of the Bastide-Niel eco-district that will eventually host about 8,000 people. They also foster exchange and cooperation between the people working and living in the neighbourhood and have positive social and cultural impacts.

Results and interest of the project
The Darwin Eco-System is an original project presenting new, alternative ways of combining the preservation of heritage sites with contemporary activities. In particular the project shows:
- The different typology of businesses (green economy, commerce of local organic products, health, leisure activities) that can be integrated in an industrial military space like the Niel barracks.
- The possibility of defining new functions for heritage sites respecting both the historical setting and contemporary environmental constraints.
- The importance of involving different local stakeholders so as to foster the diverse nature the project, design innovative projects, and strengthen the link with the local economic system.
- The willingness of local investors, including individuals, to financially sustain ambitious projects having a direct economic, social and cultural impact on their lives and on the territory where they live.
- The success of Socially Responsible Investment Funds mainly financed by local investors, including individuals, that directly benefit from not only the financial return on investment but also the direct positive effect on their quality of life (e.g. improving of the quality of working space, nutrition, social links, cultural live).

InCité: The Urban Renewal of Bordeaux historical centre

The objectives
A developing labour market, ambitious public works projects and an exceptional cultural heritage characterize the city of Bordeaux. Nevertheless, the area, and especially the historic centre, suffers from a weakened housing market characterised by: many vacant or derelict properties; small housing units (66%) for rent (85%); a high rate of demographic turnover; and a lack of diversity of the local population. The Urban Renewal Project 2008-2030 aims at increasing the population (+100,000 residents) and constructing 60,000 new housing units. Specific attention is attributed to the historic city-centre with a view to: improving the quality of life therein, promoting its economic and cultural role, offering modern living in restored historical settings, and increasing social diversity.
Within this framework, the specific role of InCité concerns the rehabilitation and construction of 2,400 housing units (between 2002 and 2014). More precisely, 1,645 private housing rental units (480 government-subsidized), 250 public housing units, 400 housing units for sale, 105 units occupied by their owners are to be constructed.

Financial instruments
In order to realise the highlighted objectives, the Urban Renewal Projects include a Program of Operations for Habitation Improvement based on a 5-year finance-plan:
- The 2003/2008 program included 15 M€ in subventions to renovate 930 housing units, to create 84 common premises, and to improve or create 79 parking places.
The 2011/2016 program includes more than 15 M€ in subventions for 600 housing units. The financial aids established by the programme and managed by InCité are allocated to owner-occupiers, families with low income willing to acquire a property in the historical centre, and owners renting their properties at a low rent level. The aids are adapted to each specific situation and can be used to improve comfort, security, hygiene, and the overall refurbishing of apartments and housing; to improve energy efficiency in housing units; and to adapt housing to better suit the elderly or people with limited mobility. In the specific case of owners restoring their properties in view of future rent, they can receive a subvention of up to 75% of the cost of the works. However, in exchange, they must agree to decrease the rental sum in consideration of a publicly established price of 7/8€ per m2 per month. This price is higher than social housing (about 5/6€ per m2) and 30-60% lower than market prices. This specific aid incites owners to initiate restoration works, has an impact on the safeguarding of cultural heritage and on the attractiveness of the historic centre (both for inhabitants and tourists), and, simultaneously helps to control gentrification processes, maintaining a level of social diversity in the historic centre (where 30% of the occupied properties are rented according to low/social-price leases).

Non-monetary means
Besides financial means, InCité offers specific competences to owners in order to help them to evaluate the costs of their restoration projects, particularly in terms of their feasibility. In addition, support is provided in relation to the preparation of subvention requests and in choosing future tenants.

Results and interest of the project
The Program of Operations for Habitation Improvement sustained by the city of Bordeaux has multiple positive effects:
- It incites, though a system of public subsidies and tax exemptions the restoration of privately-owned historical buildings.
- For public buildings or buildings privately owned but on sale or abandoned, InCité can engage specific rehabilitation works.
- The restoration works sustained or directly realized by InCité incite the initiation of further works with contagious positive effects on the rehabilitation of the historic centre, as well as of other neighbourhoods where similar projects have been implemented.
- The public financial aids incite private expenditure. In particular, InCité estimates that the monetary impact of 1€ of subsidies for building new housing units corresponds to 5.5€.
- This program has a significantly positive, knock-on effect: tenants can count on decreased rents - owners can afford to decrease the rents as they receive a significant reduction on the restoration costs - and in turn the municipality can easily increase the number of housing units at an accessible price.
- Furthermore, this program permits the safeguarding of cultural heritage, the sharing of expenses between the owners and the municipality, and it additionally avoids the gentrification of central neighbourhoods in favour of diversity.

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DOMunder, Utrecht, the Netherlands

( Co-authors: Fleur Cools*, Theo van Wijk*)

The cultural heritage site
DOMunder is an underground archaeological site, accessible from Utrecht’s Dom Square, where the Gothic Dom Church, the Dom Tower and the University Hall are located. From DOMunder’s perspective, it is possible to follow a cyclical underground path in discovery of the ruins of 2,000 years of Dutch history. The site houses the remains of a Roman army camp (castellum), as well as those of the (early) medieval bishop’s castle in addition to churches and imperial residence buildings.

Recognition of the existence value of the site
DOMunder is a “treasure chamber” which shows the cultural and historical value of archaeological finds and foundations located under the Cathedral Square in Utrecht. The archaeological remains attest to the military, religious, and administrative significance of Utrecht from Roman times to the Middle Ages. In 2010, the archaeological soil archive under and around the Cathedral Square in Utrecht was designated as a national archaeological monument.

Dutch immovable heritage consists of some 60,000 listed monuments. This includes 1,500 archaeological sites, on land or underwater, of national importance and protected by the government. The Cultural Heritage Agency selects monuments to be protected on behalf of the Minister of Education, Culture and Science. After they have been designated, national monuments are listed in the Register of monuments. In the Netherlands the government and local authorities provide financial support for the maintenance of monuments, in the form of grants, loans and tax breaks. Whether property owners are eligible for this kind of financial support depends on the type of monument they own. Grants or loans are available only if a monument has been listed in the register.

Activities and use-values
Principally, DOMunder is an archaeological site that must be preserved. Nevertheless, a wide range of activities are related to this underground space:

- **Research**: the research on the archaeological ruins began in 1949 by archaeologist Van Giffen. This initial work provided a strong basis for the completion of the research and excavation project. Later, extensive researches were carried out to create a detailed 3D model of the entire site, necessary to plan further studies, projects and activities.

- **Preservation/restoration**: the excavation, the structure and the technologies employed have been selected in order to make the site accessible for researchers and visitors, all the while minimizing potential impact on the fragile ruins and without compromising their structural and aesthetic qualities.

- **Architectural/infrastructural**: the Dutch studio JDdV Architecten was in charge of the creation of the subterranean DOMunder museum. The site reaches a depth of 4.7m and a surface of 350 m². It is accessible from a staircase located in Dom Square and can be visited thanks to an underground concrete pathway supported by steel pillars.

- **Education**: in order to protect the site, while simultaneously rendering an understanding of its value and complex history accessible to visitors, steel walls and multimedia panels have been located along the underground path. This structure, supported by physical and digital interactive aids, allows for a visualization of 2,000 years of the city’s history.

- **Visits/Tourism**: the site is open to visitors (ticket fees from 5 to 10€) and the underground discovery lasts 1 hour. Special tours are organized for groups of maximum 20 people: private discovery tour (175€), tours with an archaeology expert guide (extra charge 25€), tours outside regular departure times (extra charge 50€).
Architects, archaeologists, engineers and construction consultants, education, and experience experts all have contributed to making this archaeological heritage site an experience bearing in mind its preservation for future generations.

The project background
Mr. Van Wijk, initiator of the DOMunder project saw the Roman fort for the first time at the end of the 1970s and decided to actively engage to both preserve this archaeological site and make it accessible to a broad audience. The Domplein foundation was established in 2005 as a private initiative with the aim of realizing the excavation and construction of the archaeological site and to open it to researchers and visitors. This ambitious project was made feasible by looking at it as small pieces of a big puzzle and overcoming challenges one by one. Nowadays, these objectives and activities are supported by the municipality of Utrecht. In particular, the project gained a place on the cultural and historical map of the city and province of Utrecht and was regarded as one of the top priorities for the candidacy of Utrecht as European Capital of Culture in 2018. DOMunder opened its door to the public in the summer of 2014.

Financial instruments
Since its creation, the foundation has invested a lot of time and energy in obtaining financial support from various stakeholders. The following results can be delineated:

- The business community is actively involved in many ways: SHV (a privately owned Dutch trading company), Rabobank Utrecht (Dutch bank) and Mitros are the main financial founders. The initial financial support of 2 M€ from SHV and the subsequent contributions by Rabobank permitted initial implementation of the project. Besides these main investors, several medium-sized enterprises, “Treasure Keepers” (Schatbewaarders), ensure an additional annual contribution.
- Several individuals were willing to provide an interest-free loan for the purchase of the property “Domplein 24” by the Utrecht Society for Urban Renewal. Community participation is possible through the purchase of shares (Steunberen).
- The Mijn Domplein foundation permitted to involved citizens (Grondleggers) to adopt a “square meter” of the archaeological area to sustain the excavations.
- Governments have contributed with public funds and grants. These include substantial contributions from the municipality and province of Utrecht, the EU (Interreg), and the Ministry of Economic Affairs (Program Peaks in the Delta).
- Revenue is also generated by entrance fees, sponsoring, fundraising and merchandising. DomUnder needs 28,000 visitors a year to be cost-effective, but can handle approximately 70,000 visitors annually (that can be even increased by further excavation works).
- In 2012, a sponsorship of 1.5 M€ was withheld. Consequently the financial sustainability of the project was jeopardized. Nevertheless, since the archaeological complex has been attributed the status of “national monument”, it became possible to obtain a low-interest restoration loan from the National Restoration Fund, specifically designed for listed cultural heritage sites. This loan of 1.8 M€ covered almost half of the required investment (almost 4.3 M€), and permitted the excavation to begin. The interest rate charged is 5% lower than that of the market, with a minimum of 1.5%. Currently the rate is 1.5% and this has been fixed for a period of 10 years. The loans usually last for 30 years, but can be paid back earlier without incurring any penalty. The sum total of the credit agreement equates to 70% of the restoration costs. Usually a secured property is a condition to obtain the mortgage. Because of the special nature of the site, this criterion could not be respected and a partial guarantee of the municipality of Utrecht had to be obtained. This loan not only permitted the project to begin, thereby avoiding any delay, but it also increased its financial feasibility.
National Restoration Fund financial model
The Dutch National Restoration Fund (Nationaal Restauratiefonds) was founded in 1985 as an independent, private foundation on initiative of the Dutch Ministry of Culture. It operates within the statutes and the policy framework of the Ministry of Education, Culture and Science and works closely with the National Agency for Cultural Heritage. Its idealistic goal is to promote the preservation and restoration of monuments and historic buildings in the Netherlands by being an essential partner for monument owners and contributing to safeguarding the cultural heritage of the country. To this end, the Restoration Fund offers Dutch monument owners and managers financial support and information concerning the restoration and maintenance of their buildings. It facilitates governmental organizations and other organizations through accessible finance and administrative service support, such as, the payment of subsidies and restoration loans through revolving funds. Currently the Restoration Fund manages approximately 700 M€ in funds and pays out roughly 90 M€ by way of grants annually.

The idea of a revolving fund is that a government or other institutions (temporarily) provide financial resources. It is a self-sustaining financial mechanism and a sustainable investment strategy. The revolving fund of the National Restoration Fund is fed by additional fund contributions, interest instalments on loans and other business revenues, including loan redemptions. The revolved money is used to assist other monument owners and to realize additional restorations in the sector. Low-interest loans increase financial feasibility of restoration and rehabilitation projects. It stimulates private investments and commitment, it functions as a catalyst and encourages other banks to adopt a more enthusiastic attitude when it comes to investments in monuments.

Non-monetary means
Besides the financial instruments mobilized, community and political commitment, public opinion, and various interest groups have played an important role in terms of the feasibility of this project. So as to create awareness and involvement in the project, the Domplein foundation organized a variety of guided tours for citizens, residents, schools, business and service clubs, historical societies, and council committees. This initiative instigated public support and a positive attitude towards the plans for the Cathedral Square. The other institutions of the Cathedral Square (Cathedral, Cervantes, University of Utrecht, Tourism Utrecht, Culture Promotion Foundation) currently actively contribute by way of organizing activities around the Square and sustaining the project. Together with the municipality of Utrecht (section Cultural History), an intensive working relationship has been built with the National Service for Cultural Heritage.

Results and interest of the project
- The project allows the further discovery and study of the Roman castellum walls and roads, a late Roman coin treasure, the foundations of the old and the new Dom cathedral, burials and other archaeological finds in addition to making the site accessible to the public.
- The knowledge and experiences acquired thanks to this project can foster further research and excavation of new archaeological layers in consideration of the possibility of discovering other valuables hidden within the ruins under the Cathedral Square.
- The acquired knowledge is shared and developed thanks to a tight cooperation with similar archaeological sites in Europe.
- Even though the project began as a private initiative, all local communities and parties have been explicitly involved in its implementation since the beginning. In 2005, a development plan of the Cathedral Square was delineated in conjunction with all the interested parties.
- Meanwhile, this initiative has inspired several local actors to promote new projects: the restoration of the small Kapittelhuis (Peace of Utrecht), the moving of the main entrance of the church, and other renovation works realized by the Utrecht Cultural Centre.
- The Cathedral Square functions as a catalyst for developing the city on the whole. Moreover, there is increasing interest in the project.
- It is important to note however that reaction to the developments is not always harmonious. In fact, some residents enjoy and profit from the new urban setting and cultural site, as well as from the potential increase in value of the buildings around the Cathedral Square and the influx of tourists. Others, on the other hand, believe that the quality of life around the Cathedral Square is deteriorating, partly because of the expected influx of visitors and also due to the construction works.
- The project has had a positive impact on tourism both in terms of the location itself, and, the city has a whole. Most recently (2014), statistics show that approximately 750,000 visitors per year visit the Cathedral Square. With the renewal of the public transport terminal at Utrecht Central Station and additional scaling around it, it is expected that within 10 to 15 years the number of visitors will increase to 2 million per year.
- From a financial perspective, the project shows how private and public cooperation can achieve ambitious cultural, economic and urban objectives. The low-interest restoration mortgage of the National Restoration Fund has been designed for the specific characteristics of the site and its attainment was possible thanks to a guarantee of the municipality of Utrecht which increased the financial feasibility of the project.

Sources:
* www.restauratiefonds.nl
* www.domunder.nl
* http://oud.cultureelerfgoed.nl/actueel/persberichten/bodemarchief-domplein-utrecht-archeologisch-monument
* Meetings with Jean-Paul Corten (Coordinator international cooperation, Cultural Heritage Agency), Barend Jan Schrieken (Head of Strategy & Development, National Restoration Fund), Fleur Cools* (Staff Member Strategy & Development, National Restoration Fund) and Theo van Wijk* (Board member, Domplein foundation). March, 2014.
**Strade Nuove and the System of the Palazzi dei Rolli, Genoa, Italy**

The cultural heritage site

The *Strade Nuove* and the *Palazzi dei Rolli* is a system of streets and palaces built between the late 16th and early 17th centuries in Genoa. The site attests to the financial and seafaring power of the Republic of Genoa and its nobility at that time, who, under the constitution of 1528, assumed the government of the Republic. The street design is attributed to architect Galeazzo Alessi (1512-72), while the principal architects of the palaces were Giovanni Battista Castello, Bernardino Cantone, and the Ponsello. This cultural system represents the first example in Europe of an urban development project linking public authority and private actors. In fact, on the basis of a Senate Decree of 1576, the *Palazzi dei Rolli* were included in an official list of “public lodging houses”. This meant that the owners were obliged to provide accommodation, on behalf of the oligarchic Republic, for distinguished guests. The palaces constitute a valuable ensemble of Renaissance and Baroque architecture and represent a variety of different solutions aimed at adapting to the characteristics of the environment, and to the social and economic organization of the Republic.

Recognition of the existence value of the site

In July 2006 Genoa’s *Strade Nuove* and the *Palazzi dei Rolli* were included in the Unesco World Heritage List. The outstanding universal value of the cultural system is related to several themes, including:

- The originality of the urban planning;
- The innovative architectural solutions based on Renaissance ideas - a significant landmark of Mannerist and Baroque architecture in Europe;
- The capacity of the Rolli palaces of illustrating the economic and political power of the mercantile city of Genoa in the 16th and 17th centuries;
- The original function of “lodging distinguished guests” covered by the palaces in the administration of the Republic.

Activities and use-values

Besides the high existence value of the Unesco site, many other activities related to the historic centre of Genoa raise its use-value:

- *Research and education*: between 1992 and 1997, within the framework of the CIVIS Ambiente European project, the History of Architecture Institute of the Faculty of Architecture in Genoa realized a “Cultural Mapping of the old city”. The information collected was later incorporated into the geographical information system of a permanent urban Observatory for the Historic centre. This database provides detailed information on the buildings of the site and is crucial for monitoring the cultural heritage and organization of urban interventions.

- *Culture and heritage*: the pool of data managed by the Observatory for the Historic centre has been the basis for communication and dissemination projects, as well as city development and cultural programmes (e.g. Genoa European Capital of Culture in 2004). Cultural activities include the creation of a historical museum cluster, the valorisation of the monumental heritage of the city, and the provision of new recreational and cultural facilities.

- *Tourism*: Important cultural projects, restoration works and the inclusion of the site in the Unesco World Heritage List have all contributed to increased tourism. In this perspective, many activities have been developed in order to increase tourist accommodation, improve the cultural offer, and facilitate circulation (e.g. new street furniture, identification of tourist routes, enhancement of the traditional workshops -botteghe storiche-, and attaching name-plates to the palazzi).

- *Business*: the development of economic activities (e.g. commercial, tourist, services…) is sustained by the services “Sportello delle Imprese” and “Centri di Via”.

- *Infrastructure*: To support tourism, residential and commercial development of the historic
centre important measures have been designed to provide new services (park and recreation areas, schools, nurseries, university sites and social services); to improve accessibility and mobility (pedestrian paths, restoration of pavements, new means of public transport, renewal of public and artistic lighting, reorganisation of technological infrastructures and cleaning up the subsoil); and to improve public health (system for solid urban waste, disinfestations).

- **Social:** In the social field, security projects in addition to home-help projects have been implemented.

### The project background

The development of the site and of the complex system of activities related to it requires a strong effort aimed at preserving and safeguarding its cultural heritage. Even though only minor damage occurred during the Second World War in the Rolli palaces quarter, in the post-war period the area suffered from a lack of maintenance and social problems that contributed to its degradation. Since the 1980s and 1990s, the situation has significantly improved in terms of the conservation of the area and nowadays the city is actively investing in development projects, with the historic palaces of Genoa considered as crucial cultural assets. In particular, the city has been able to undertake important restoration works, benefiting from the availability of extraordinary funds related to specific events, like the G8 summit in 2001 and Genoa Capital of Culture in 2004. In terms of the rehabilitation of the city, important projects, particularly concerning the restoration of the façades of most of the privately owned palaces in Via Garibaldi and along the route of the Strade Nuove, have been developed.

### The objectives

Between June 2002 and July 2003, the City Council ran a special programme concerning the restoration of the façades of the *Palazzi dei Rolli*. The programme aimed not only at renovating and safeguarding historical heritage, but also at enhancing the surrounding areas. The programme was made possible after a protocol of understanding between public bodies (Commission for Architectural Heritage and the Ligurian Countryside) and private organisations (ASSEDIL – the Association of Building Contractors for Genoa Province – and the Rolli Association of the Republic of Genoa – a private association established between palace owners to promote enhancement activities) was signed. The project was approved by Council Resolution no. 118 of 01/02/02.

### Financial instruments

The financial contribution provided by the City Council in support of the restoration of private façades between June 2002 and July 2003 amounts to almost 2.36 M€ of capital grants. The funds were designated in view of the restoration of the façades of palaces chosen from a list of 166 by virtue of their strategic importance for the enhancement of the historic centre. The contribution was equivalent to 50% of the expenses for restoration works and could be allocated to private owners only. The funding was allocated through four successive invitations to bid:

- **Resolution of the City Council of 23/05/02** (1,032,913.80€, representing an addition to budgeted revenue for 2002 by a Ministry-approved transfer for the purposes of the Programme of Urban Rehabilitation and Sustainable Development in the Locality). As a result, 11 palaces were renovated.

- **Resolution of the City Council of 28/11/02** (1 M€ including VAT received from the special fund for activities connected with Genoa European City of Culture 2004). As a result, 23 façades were restored.

- **Resolution of the City Council of 24/07/03** (326,258.80€) funded partly by the 2003 budget (83,871.75€) and partly by a special transfer from the Genoa 2004 fund (242,387.05€). As a result, 11 façades were renovated.

The exceptional nature of the funding permitted an extensive action of restoration of the *Palazzi dei Rolli*. The simple procedures set up in terms of access to the funds incited private owners to initiate restoration works, benefiting from the exceptional grant that covered 50% of the expenses. The
relevant number of owners initiating the works incited new owners to follow suit. This had a visible and immediate effect on the image and condition of the historic centre, resulting in positive impacts on tourist and cultural activities.

Non-monetary means
The owners benefiting from the special grant programme committed themselves to open the main entrances, courts and staircases of the palaces, restored thanks to the grant programme, to the public. This resulting in rendering visible and appreciable important private cultural heritage, previously unknown to most of Genoa’s habitants and visitors. Moreover, a large number of frescoed façades have since emerged both with architectural features and with figures, created by famous artists, which contribute significantly to the enhancement of the neighbouring urban sites.

Results and interest of the project
The fact of allocating capital grants as contributions to restoration works is not unusual and is one of the most popular measures for supporting the maintenance of private properties with high cultural value. Nevertheless, the case of Genoa is interesting because:

- The city council has been able to raise the necessary funding from different programs, in a short period of time, ensuring flexibility in terms of the scheduling of the operations.
- A list of 166 buildings has been defined in order to focus the interventions on the most interesting palaces, those having a direct and strong impact on the image of the historic centre, and those with the potential to incite further works by private owners not directly involved in the programme.
- The significant number of façades restored in such a short period of time had a visible and strong impact on the city from a cultural and touristic point of view, in addition to making the area more attractive for new residents and businesses.
- The programme rendered this large heritage site accessible, a marked shift away from its previously private nature.

Sources:
City Council of Genoa (2002), Piano operativo per il centro storico.
Manufaktura, Lodz, Poland

The cultural heritage site
Manufaktura is a multifunctional centre located in the former Poznanski’s textile-factory in Lodz, Poland. The complex was built in 1892 when the textile sector was rapidly growing in the city. The reasons of this fast development during the 19th century were related to the favourable chemical composition of local water, and the capacity of attracting qualified craftspeople, mainly coming from Silesia. Izrael Poznanski, a textile magnate, made of his establishment a self-sufficient town including factories, work houses, a hospital, a church and family spaces. The textile sector declined dramatically in the 1990s, and Poznanski’s factory finally ceased production in 1997. The site has been lately rehabilitated, re-establishing its central economical and cultural position in the hearth of Lodz.

Recognition of the existence value of the site
Izrael Poznanski’s textile-factory is an original example of post-industrial architecture and a material witness of the importance of textile production for the city. It is located at the intersection of Zachodnia and Ogrodowa streets, considered the dynamic centre of Lodz in the 19th century. In 1971, the industrial buildings of Poznanski’s former textile-factory together with the adjacent palace were included in the four most precious industrial monuments in Lodz (Announcement of January 1971 of the Historic Buildings Conservator of the City of Lodz). Consequently, the rehabilitation plans established at the end of the 20th century maintained the original lay-out and brick façades, while introducing new architectural structures and design elements.

Activities and use-values
Izrael Poznanski’s textile empire is a complex of 30ha, rehabilitated in order to host different activities:
- Commerce: the main activity developed within the restored complex is a two-storey shopping centre that comprises over 240 boutiques, shops, and hypermarkets.
- Entertainment and events: thanks to the significant availability of outdoor and indoor spaces, Manufaktura provides locations for cinemas, a laser game arena, fitness clubs, playgrounds, as well as festivals and other events.
- Accommodation and food services: there are many restaurants and night clubs located in the Manufaktura complex, as well as a four-star hotel, opened in 2009, also equipped to host conferences and business meetings.
- Culture/Heritage: the historical value of the ancient manufacture is valorised by the Factory Museum, that presents the history of his factory and the surrounding area, as well as by the Ms2 (Collection of 20th and 21st Century Art), the Museum of History of City of Lodz, the Maly Theatre and the Alliance Francaise that offers French courses and organizes events related to French culture.
- Tourism: the size and the ambition of the project permitted the transformation of Manufaktura not only into a crucial centre for city life and development, but also into an attraction for visitors from Poland and other countries.

The project background
In 1999, the Apsys Group acquired the complex and began to refurbish the whole area. Apsys is a society specialised in city-centre operations, operating in France and Poland since 1996. Manufaktura, Beaugrenelle, Vill’up, Muse, les Rives de l’Orne are some of the projects realized and managed by the group. In 2002, the City Council gave permission to start construction works. They began that same year and lasted for more than 3 years and involved 2,700 workers: designers, owners, engineers, construction and qualified workers. The rehabilitation project was designed by the Virgile & Stone Company from the IMAGINATION Group in London in cooperation with an architectural firm from Lyon – Sud Architectes. The buildings not protected by the history
preservation laws have been demolished, while the layout and brick façades of the protected buildings have been maintained and valorised by contemporary architectural interventions. The complex opened in 2006 and is nowadays a unique place, both in Poland and at the international level, attracting more than 20 million visitors per year.

The objectives
The main objectives of the project were to involve private and public actors firstly to safeguard the historical buildings and secondly to give back to this space its role of prime location in the urban planning of the city. In fact, since Lodz did not historically develop around a traditional marketplace, Poznanski’s textile-factory became, during the 19th century, the hearth of the city. Thus, the rehabilitation of the complex into a commercial, cultural and entertainment place was also meant to reposition urban flux around this historical place. The restoration project aimed to combine historical industrial architecture with modern design, in order to create a space capable of housing a multiplicity of activities.

Financial instruments
The operation of acquisition and rehabilitation has involved a private public partnership, where the private actor, Apsys, was the main investor. The overall budget of the operation is estimated at 200 M€. Local authorities (city hall, Marshal’s office, and provincial heritage conservator) were involved in the design works and execution of the building renovation. Since 2006, lease payments are charged to local shops, restaurants, etc and entrance fees are established for cultural facilities. On 1st November 2012, Hamburg-based Union Investment Real Estate GmbH acquired Manufaktura shopping centre for around 390 M€ from Foncière Euris/Rallye and developer Apsys. Thus Manufaktura became part of the open-ended real estate fund UniImmo Deutschland that has assets of 7.5 billion€, while its management is still ensured by Apsys. Union Investment is one of Europe’s leading property investment management companies and it currently manages assets of 23.3 billion€ and its portfolios comprise about 319 prime properties in outstanding locations. Shopping centres represent an important asset class, comprising 40 properties in 10 countries and are considered secure and stable investments. In 2013, 89.5 M€ was invested in shopping centres, sales amounted to 140.2 M€, and the complexes attracted some 222 million visitors. The acquisition of Manufaktura is particular in virtue of the specificities of the historical building that demands extra investments for restoration and adaptation to new uses.


Non-monetary means
Besides the financial investment, the rehabilitation of Manufaktura was made possible by its inscription within a larger urban project led by Lodz public authorities. Public authorities supported also the development of cultural institutions in the area of Manufaktura (the Small Theatre, the
Museum of the Factory, MS2 and the Museum of History of Lodz), and of specific educational and cultural activities directed to the residents and directed to the residents and tourists, in order to preserve the original character of the place and to create links to its past. Moreover, the board of Manufaktura sustains a regular social program for the citizens, particularly children and teenagers, of the district where Manufaktura is located (e.g. the Copa Manufaktura tournament accompanying the football World Cup, visual-artistic activities for children organized by the factory Museum).

Results and interest of the project
- The project has permitted the rehabilitation and safeguarding of the industrial heritage, combining post-industrial architecture with modern design.
- This has provided significant impetus to the economic and cultural regeneration of this area of the city, that has been transformed from a derelict area into a vital economic and cultural centre.
- The project had an important impact on the economy of the city as a whole. For instance, 2,700 people were employed for the construction works, and more than 3,500 people are now working in the centre.
- The initial involvement and investment of the private actor Apsys was crucial in realizing the regeneration project.
- The involvement of public authorities permitted to define the framework of the project and to sustain the realization of cultural and social investments, contributing to a positive image of the place in terms of its attractiveness and its role as a crucial space for the entire city.
- The latest acquisition of the complex by Union Investment Real Estate GmbH highlights the increasing interest in projects linking safeguarding and economic development, also for real estate groups, and their financial sustainability.

Sources:
Apsys: http://en.apsysgroup.com/portfolios/manufaktura/
Manufaktura:http://en.manufaktura.com/
Phone call with Jens Nagelsmeier (Senior Investment Manager involved in the acquisition of Manufaktura, Union Investment Real Estate GmbH). October 2014.
Portland Works, Sheffield, England

The cultural heritage site
Portland Works is located on Randall Street in Sheffield, within an area well known in the past for metal trade works. The building was commissioned by Robert F Mosley and designed by architect J.H. Jenkinson and its construction began in 1876. R.F. Mosley & Co Ltd, active in the engineering industry until the 1950s, was the first company to ever manufacture cutlery from stainless steel. Nowadays, Portland Works is one of the last remaining examples of Sheffield’s industrial past. From the fifteenth to the eighteenth century, the local metal trade industry was based on a “cottage” scale. Workshops were generally small extensions of rural dwellings and farmhouses and were constructed near rivers so as to facilitate the harnessing of hydraulic power. Craftsmen operated independently or alongside a small number of workers and apprentices. In the eighteenth century, technical progress increased the need for specialisation, and during the middle decades of the nineteenth century, the rapid development of steam power contributed to the increased moves of craftsmen from riverside locations to the city centre. This proximity contributed in facilitating transport, better organisation and division of work, the sharing of knowledge and it incited innovation in terms of the production processes. From the late nineteenth into the early twentieth century, the global demand for Sheffield’s wares increased leading to the construction of larger factories. As a result, all skills were integrated within the same production unit, goods were circulated from room-to-room until finished, and there was no more need to transport unfinished goods to individual specialists. Portland Works is thus a good and complete example of a large, purpose-built and integrated cutlery works. A typical Victorian-style industrial complex, it consists of two and three storey brick buildings arranged around two courtyards. It is one of the few left as the majority of these types of buildings were demolished in the 1950s and 1960s as part of the “slum clearance program”.

Recognition of the existence value of the site
Portland Works was awarded Grade II listed status by English Heritage in 1995 and was further upgraded to Grade II* listed status in 2003 as a result of an updated survey of Sheffield’s historic metal trade sites. Grade II* is the second highest listed status awarded by English Heritage. Only 5.5% of all listed buildings are afforded this level of protection. This recognition attests to the regional importance of the building and it also indicates the “more than special interest” that the building conjures at the national level.

Activities and use-values
A wide range of activities are developed at Portland Works, and can be divided into three interconnected main types:

- **Business**: Portland Works is primarily a place concerned with manufacturing and the creative industries. Workshops and cultural spaces are rented to individual tenants and companies with a view to offering them a good working space at an affordable rent, but also to incite collaboration and synergy. Besides renting workshops, tenants are involved in cultural, heritage and education programmes and in the creation of a network of local colleges and funding bodies aiming to nurture skill transmission and apprenticeship. Music activities are also particularly sustained, since the John Street Triangle, where the building is located, is home to the largest concentration of music studios in the north of England. All these activities are supported by the development of “Made in Portland Works”, a collective brand for the high quality and craftsmanship of the businesses involved. Moreover, the place is host to numerous events of various character, e.g. the Cutlery, Arts and Crafts Fair organised to celebrate 100 years since the first production of stainless steel knives. The building also houses original sets for photography and shooting offering a basic rate of £40 per half day which includes access to the courtyard and other areas of the Works not
occupied by private businesses.

- **Heritage and culture**: over the past two years Portland Works has been involved in the Open Up Sheffield annual art festival, the Galvanise Festival of Contemporary Metal, and the Sensoria film and music festival. Open Days are also organised permitting the public to learn about the Works and visit the businesses situated therein. The aim of these activities is to make the Works a regular part of the life of heritage of Sheffield.

- **Education**: tenants working at Portland Works are charged with various skills and knowledge (e.g. artisan knife making, traditional tool making, carpentry, welding and plating) – skills that merit transmission to future generations. The proximity of a wide range of skills and machinery constitutes a unique context in terms of education projects, resulting in and not limited to the instigation of creative projects in collaboration with training and university centres.

Source: Portland Works Business Plan, March 2013

The project background
At the beginning of 2009, the owner of Portland Works informally announced to the tenants a project of conversion of the building into flats. The tenants and many people from Sheffield showed their disagreement with this project. In fact, Portland Works is not only considered an important industrial heritage building, but also a livelihood, a place where special skills were kept alive realising the identity of many of its inhabitants. In October 2009, a planning application of the reconversion was submitted by the owner and in reaction a campaign group was created to oppose the project and keep Portland Works as a place of work and living heritage. In 2010, the group of about 20 people - tenants and members of the community - raised the possibility of buying out the Works to secure its future, and proposed a concrete plan. The objective was to purchase the building in order to continue to provide affordable workshops and studios for craftspeople and the creative industries and for small business start-ups, as well as to maintain a cultural space sustaining creativity and a good quality of working life. At that moment, 35 people were actively using the Works, meaning 23 businesses and studios, covering a wide range of metal and woodworking trades and creative industries. Almost every unit in the Works was occupied and contributed positively to the local economy. To make Sheffield’s inhabitants and media aware of the project a website was set up, as a complement to the existing blog and facebook page. Many artists promoted the cause and press and media attention was highly engaged with the decision making process. In June 2010, the members of the informal campaign group decided to transform it into a Community Benefit Society. Portland Works Little Sheffield Limited was registered on the 21 December 2010 under the Industrial and Provident Societies Act 1965, as a Community Benefit Society. It is an organisation similar to a cooperative group, therefore owned by its members but with benefits being attributed not only to those members that have invested but also to the wider community. As a social
enterprise, surpluses made from running the project are reinvested in the building and in activities that will bring wider social benefit.

In 2012, the owner agreed to withdraw the planning application and established a contract of sale with the Society for £420,000, payment to be spread over four years. This sum was re-negotiated in early 2013 to £390,000 cash.

The objectives
The main aim of the Community Benefit Society, created in 2010, is to purchase, conserve and develop Portland Works in order to support and promote small-scale manufacturing and creative businesses, whilst developing a community heritage and education resource.

This object will be achieved through various actions:
- retaining a mix of tenants involved in metal working, craft and creative industries;
- providing affordable workspaces and support for new business start-ups;
- developing the Works as a cultural, educational and heritage resource;
- promoting industrial innovation through partnerships between tenants and external organisations;
- ensuring tenant and community involvement in the management and development of the building;
- restoring and managing the building respecting its local and nationally historic importance;
- ensuring the financial sustainability of the project;
- developing the building in an environmentally, socially and historically sensitive way.

Financial instruments
Different instruments have been mobilized to raise the capital needed to purchase the building (£390,000), and to realize the most urgent restoration works. Grant applications (e.g. English Heritage and Heritage Lottery Fund) are now under way aimed at collecting additional funds for further restorations and cultural projects.

- A short term loan of £200,000 was granted in 2013 by the Architectural Heritage Fund, a fund specialized in high risk projects that need a finance package that banks normally do not ensure. The period of the loan is three years with the repayments starting in year two. Interest is charged at 7% with repayments made quarterly. This enabled the use of share capital to finance the first phase of rendering the building safe, and preparing it for a longer-term bank loan. This loan is very flexible, contains no penalties for early repayment, and charges simple interest only. The intention is to re-finance this loan in year 3 with a longer-term mortgage with a not-for-profit bank dedicated to supporting social enterprises, mutuals and other social organisations.

- Community shares are an established means to fund local projects, through the investments of small sums by many members of the community. They represent a possibility for community members to invest, in an ethical way, in social projects they care about and from which they enjoy positive impacts. Investing in community shares demands a long-term commitment. In the case of Portland Works, the objective is to repay share capital progressively from year 5 of the project, with full repayment over 25 years. Share capital may be withdrawn earlier at the discretion of the Board. Members only have the right to the return on their capital. They do not have a right to resell them. Shares have a fixed value of £1. The minimum holding is 100 shares, the maximum is 20,000 for any individual. Shares will qualify for interest payments (meant to protect investors against inflation), to be proposed annually by the Society’s Directors and the board. Nevertheless, interest will not be paid in the initial years of the project and the investment is not conceived for people who prioritise financial return. Each shareholder has one vote at general meetings regardless of shareholding. Through 2011-13, £260,000 of share capital has been raised.
- Community bonds are a way to borrow money at rates lower than market ones, whilst offering a reasonable return for investors. Interest rates are 1 or 3% options for 3 year Bonds, 1, 3 or 5% options for 5 year Bonds. In 2013, the first issue “Community Bond 100” raised £62,000, around half in three year loans and half in five year loans, at an average 3% interest. A second issue in mid 2013 raised £42,000.

- Donation to the society improves the overall financial sustainability as they reduce the need for and costs of borrowing. The campaign group raised almost £30,000 during 2010-12, essentially used to fight the planning application, set up the society and raise the initial shares.

- Rents constitute an income of £55,000 per year (expected to increase to around £75,000 over the next ten years). Currently the Works is occupied by 23 tenants employing around 35 individuals. These comprise 10 metal related and engineering businesses, 3 woodworking businesses, 6 artists, and several music-related businesses. Included is a sound studio and rehearsal spaces shared by around 8 bands. Some of the businesses have been based at the Works for up to 35 years while three of them have started in the last two years. Currently 27,850 sqft of rentable space is available at Portland Works. 95% is let, at an average of £2.14 per sqft, with rates and all services charged separately. The Society intends to make accessible a further 2,500 sqft of currently unused space to provide room for more tenants, with an expected increase to around 40 tenants.

Non-monetary means
The success of the project is strongly related not only to the financial support given by the community members, financial institutions and other investors, but especially by their direct involvement in making the project work:

- Shareholders contribute also as volunteers and their interventions are organized by a volunteer co-ordinator. Their contributions go from cultural activities and visits of the places for different target groups, to renovation works, depending on the specific skills of each person.

- Local groups, like Sheffield Civic Trust, South Yorkshire Historical Society, Hunter Archaeological Society, South Yorkshire Industrial History Society and several Rotary groups, are involved in the project and contribute to it with new ideas and forms of collaboration.

- Tenants, besides their businesses, dedicate time to the project, being involved in specific renovation works, or simply talking to visitors.

- Financial organisations, like the Architectural Heritage Fund and the Key Fund, have provided advices to define the project and make it sustainable. They also contribute to make this experience well known through their activities and specific communication means.

Results and interest of the project

- A strong involvement of local community members both from a financial and management point of view ought to be highlighted. Community members mobilize the majority of the funds needed, cooperate as volunteers, and foster the project vision. Their involvement makes clear the importance of social and cultural impacts, besides monetary ones.

- A wide range of activities are developed, making Portland Works not only a place for businesses but also an ecosystem:
  - linking together artistic and crafts activities,
  - creating a proximity and an exchange between tenants with different skills and markets,
  - attracting new tenants and new activities not only at Portland Works, but also in the neighbourhood
  - based on a common vision, strengthened by the creation of a common brand,
  - fostering educational and heritage projects.
- An involvement of actors at different levels: individual community members, associations, Universities and public institutions.
- A variety of financial means: loans, community shares, donations, community bonds, and grants. This gives stability to the projects, limits the risks taken by single actors and increases confidence in the project of each investor, responding, in an original and sustainable way, to public funding’s cuts.

**Sources:**
**Château Fort de Sedan, France**

The cultural heritage site

The Château Fort de Sedan is a medieval fortress, located in the city of Sedan, France. It is a seven-floor building, covering an area of 35,000 m². Its construction began in 1424, when Évrard de La Marck acquired the ruins of the church of St. Martin to build a two-twin-tower manor. On his death in 1440, his son Jean de la Marck began reinforcing and expanding the fortress, followed by Robert II de la Marck. In 1530, the fortifications of the manor were strengthened and modernised, while the bastions were added during the course of the next century. The principality was absorbed into the kingdom of France in 1642, the castle transformed into a fort, where Vauban built the door of Princes. Through the seventeenth and eighteenth centuries, Sedan became a major industrial centre of metallurgy and textiles. The city overcame the Revolution, the wars of the empire, and the political crises of the 19th century. Nevertheless, its heritage and fortifications were deeply affected by the war of 1870, and the two World Wars. The castle was given by the French Army to the city of Sedan in 1962.

Recognition of the existence value of the site

The castle of Sedan is the largest medieval castle in Europe (35,000 m²), fully classified in 1963 as a “French Historical Monument”.

Activities and use-values

As a result of its artistic and historical importance, the castle is nowadays a tourist hotspot in the Ardennes region and welcomes 80,000 visitors per year.

A wide range of activities are developed within and around the castle:

- **Business**: the historical spaces of the castle host many commercial activities:
  - A café, Café Turenne, located in the courtyard of the castle, in the old kitchens. Local products labelled “Ardennes de France” are on sale in the café.
  - A restaurant, La Tour d'Auvergne, located in the dwelling of the Lieutenant of the King, with a capacity of 100 guests, a lounge for 15 people and the possibility of organizing banquets and gala dinners for up to 200 people. It is also possible to organize thematic dinners with medieval entertainment troubadours, fire-eaters, and acrobats (prices for animation start at 140 to 620€).
  - A 3-star hotel, Le Château Fort, located in the main building of the castle. There are 54 rooms in the hotel, divided into 4 typologies: tradition (125€ per night), superior (145€), suite (205€), family (225€).
  - Possibility of privatizing and adapting some spaces of the castle for events, seminars, meetings.

- **Heritage and Culture**: in the castle is located the tourist office of Sedan giving information about the site and organizing thematic visits for individuals, groups, and children (visit fees start from 5 to 10€ per person). There is also a museum inside the castle, partly dedicated to the war of 1870. Many cultural activities are organized within the castle both for tourists and local habitants: a medieval festival, concerts, performances, storytelling of ancient legends, night tours of the castle with torchlights, medieval weddings, and a medieval market. All these events contribute to a real discovery of the heritage of the castle, as well as its history.

- **Environment**: the tourist office and other local actors organize activities connected to the natural surrounding environment and traditional productions of the Ardennes region: horseback riding, mountain biking, archery, kayaking, and visits to Champagne cellars.

The project

In 1962, the city of Sedan became the owner of the Château Fort. In 2000, the city initiated an important project of restoration and valorisation of the site. In this perspective, it started to cooperate with the society “France Patrimoine”, specialized in the creation of hotels in cultural
heritage frameworks. The first phase of the project consisted in the restoration works necessary to safeguard the cultural heritage site and to implement new business activities. The works began in 2002 and ended in 2005. The cost of the intervention totalled 4.05 M€, funded by public sources: Europe (902,000€), the State (1,185,000€), the city of Sedan (1,096,000€), the region Champagne Ardennes (813,000€), the Ardennes department (54,000€). The project included the creation of a 3-star hotel of 54 rooms, two restaurants, and 2 meeting rooms. The complex was inaugurated in 2005.

This wide project of valorisation has been realized thanks to a public-private partnership involving different actors:

- The city of Sedan, owner of the castle, was in charge of the restoration of the building and entrusting the project management to the DRAC (Regional Direction of Cultural Affairs);
- Two societies, the SCI du Château-Fort and the SAS Fabert, are usufructuaries of the castle’s spaces and invested in the rehabilitation and construction of the hotel;
- The SA France Patrimoine, specialized in the exploitation of hotels and restaurants located in prestigious places, invested in the acquisition of furniture for the hotel, and runs the hotel and the restaurant.
- The Caisse des Dépôts et Consignations, shareholder of the SAS Fabert, gave advice about juridical and financial issues.
- The tourist office exploits the castle for cultural activities and gave advice to the city of Sedan about the elaboration of the project.
- The Architect Lionel Dubois was responsible for the restoration works of the site.
- The architect’s office Julien Penven was responsible for the interior work.

On 2 July 2009, the Town of Sedan granted use of the Castle to the private-public society “Château et Compagnies”. In addition to the use of the castle and the guided tour, the society organizes shows, such as the yearly Mediaeval Festival in May and various summer events (knighthood tournament, falconry displays, etc.).

Financial instruments
The project of rehabilitation of the interior of the castle into a hotel required important investments. The total cost of the hotel project was 6.2 M€. This meant an average cost of realization of a hotel room of about 118,000€, which is higher than the average cost for hotel rooms in the region (89,000€). The additional cost is due to the necessity of specific skills and materials for interventions on historic building. The average cost of 89,000€ was covered by private investments while extra costs were funded by public subventions.

To fund the project, private investors were attracted, thanks to the possibility of benefiting from specific tax exemptions related to the type of works realized (tax deductibility, art. 31 of the French Tax Regulations). In particular, the tax exemption concerned the cost of restoration and maintenance, while the reconstruction works of the interior for commercial purposes were excluded by the tax system. To maximize the benefits deriving from this fiscal system, the rehabilitation and construction of the hotel has been realized by two distinct societies, created on purpose, each of them responsible of specific tasks and parts of the building: the SCI du Château-Fort (2.7 M€) and the SAS Fabert (3.5 M€).

The SCI capital derives from equity (2.1 M€), and 0.6 M€ from public subventions (Feder 252,500€, State 76,250€, Region Council 126,250€, General Council 168,021€).

The SAS Fabert capital is divided into equity (800,000€), a loan of 1.6 million (divided equally between Crédit du Nord, Crédit Agricole and the Caisse d’Epargne) and public subventions (Feder 437,788€, State 149,450€, Region Council 224,450€, General Council 235,630€). The equity capital of the SAS Fabert comes from the Caisse des Dépôts et Consignations (210,000€, 26%), the Caisse d’Epargne de Champagne Ardenne (165,000€, 21%), Cofinep (Crédit Agricole, 70,000€, 9%), the Société Hôtelière du Magasin Fabert (355,000€, 44 %). This last society is constituted by 274 private investors of the region, willing to financially sustain the project.
The SA France Patrimoine invested 770,000€ in furniture and other expenses addressed to the commercial exploitation of the site.

Source: Dossier de presse du Prix Spécial de l’ODIT 2005

Results and interest of the project
- The project was feasible thanks to a solid public-private partnership involving actors with specific competences, the creation of specific societies capable of generating the necessary capital, and, the tax exemptions mentioned above.
- This shows the importance of tax exemptions in attracting private local investments, as well as of public subventions in terms of covering additional costs (32%) related to interventions on protected cultural heritage.
- Besides business activities, the cultural and heritage ones permit to strengthen the link with the territory and the history of the castle creating benefits for the all community. This aspect is also fostered by the management of the restaurant and the café that privilege the consumption and commercialisation of local products.

Sources:
Chateau Fort de Sedan: http://www.chateau-fort-sedan.fr/
RESULTS OF THE ANALYSIS

Increasing Use-Values and Cash Flows

Besides the preservation of the historical and cultural value of heritage sites, all the cases analysed show the importance of developing new uses of cultural assets. These uses include not only the ones specifically oriented to the conservation of the site, but also the ones capable of creating new synergies among different elements and actors of the site, new meanings and positive spin-offs. The identification of the potential uses of cultural heritage is crucial to gain an understanding of how they can be combined with preservation needs, cultural and accessibility priorities and apt financial means. Heritage is an ecosystem and the financial resources mobilized may be associated with a variety of uses, from conservation to virtualization. On the basis of the cases studied the following classification of uses, and correspondent cash flows, can be defined:

- **Safeguarding**: this typology includes all the activities related to the preservation of a cultural site. They permit to maintain the existence value of the site, the core asset, and indirectly to sustain the development of further uses. These activities create direct and indirect jobs and have non-monetary positive impacts (e.g. increasing cultural value, improving cultural offer and urban quality), but they themselves do not generate a positive flux of revenues for the site management. Consequently, these activities are generally financed by public funds. In some cases (especially if the property is privately owned) conservation works are financed by private investments, incited by appropriate tax exemption, grants, low rate loans, like in the case of Strade Nuove and the System of the Palazzi dei Rolli in Genoa and of the Palladian villas.

- **Cultural/creative**: this category includes all the cultural and creative activities directly and indirectly related to the cultural heritage site. Direct uses consist of visits, guided thematic tours, lessons given by experts, conferences related to the heritage site, exhibitions, cultural events, concerts, performances, dances, feasts, and light installations. These uses promote the site and increase the knowledge of visitors in terms of its history and artistic value. The cash flows generated concern the sale of tickets, entrance and participation fees, member cards, and rental of spaces. Sponsorships and donations often sustain these activities. The project DOMunder in Utrecht shows well the diversity of cultural uses that can be developed in relation to a heritage site, even when it is difficult to access considering the underground structure of the urban archaeological ruins, and the consistent flux of revenue they can generate to pay back loans. Other activities employ cultural heritage as an input of their production cycles, in order to create new goods having a cultural value, like books, documentaries, smart phone apps, artistic objects, heritage gifts, clothes, cards, posters, etc. The revenue in this case stems from sales (in shops located in the heritage site, other shops, or on-line), licensing and copyrights, and rental of spaces. A good example of highly diversified cultural and creative activities is provided by the Palladian Villas in the Veneto region, where private owners are obliged to implement a wide range of activities to create a flux of revenue capable of sustaining the restoration investment costs.

- **Educational**: School visits, seminars, workshops, laboratories for different publics, and research projects represent some of the educational activities related to cultural heritage. Like cultural activities, these uses contribute to increasing the knowledge of participants and their attachment to the site related to their sense of identity. Cash flows depend on access and attendance fees, research publishing, and copyrights. Usually these activities can count
on public funds, designated for education and research, and can be developed by a specialized society and involve a network of sites and actors.

- **Social**: this category includes all projects addressed to specific groups of people, usually not involved in cultural activities, aimed at the dissemination of information concerning the value of their local heritage sites with a view to strengthening cultural identity. Specific programs can be put into practice by cultural mediators, artists, associations, and societies in collaboration with other institutions (e.g. prisons, hospitals etc.). Depending on the finalities and on the type of participants, these activities can be financed by public funds, attendance fees, and European funds.

- **Housing**: the rehabilitation of historical buildings for housing, offices, and work spaces is one of the most common ways for maintaining cultural heritage. Usually private interventions are incited by grants, low rate loans and tax exemptions and important cash flows are generated by renting and sales. Besides the more traditional uses, co-working in heritage building and historic centres seems to become increasingly popular. In fact, the number of m² needed by a co-worker is often limited and the price per m² can be high. Co-working permits the sharing of higher costs resulting from the added expense of being centrally located and the knock-on costs of restoration works. Moreover, the high cost per m² is usually compensated by access to numerous shared facilities (kitchen, meeting rooms etc.). The case of Darwin Eco-system in Bordeaux, for example, shows how co-working projects can function while simultaneously increasing positive social and cultural effects.

- **Infrastructural**: Public infrastructures and services (roads, water supply, airports, public transport, parks, car parking etc.) represent important activities that can improve access to and the functioning of heritage sites, better integrating them in their environmental system. Those activities usually demand public strategies and funds, but some of them can also count on private funds and generate important cash flows (e.g. car parking, bicycle renting, specific transports for the heritage site etc.). In the case of Porto, it is evident that public infrastructural investments (airport, public transports, water system etc) have created a positive context for private investments and how, in turn, the latter have engaged in terms of caring for urban public spaces.

- **Commercial**: cultural sites can house a wide range of commercial activities rendering historic rehabilitated centres more and more attractive for private investment and business. This of course has a clear positive impact on property maintenance, jobs creation, higher tax generation and lower vacancy. The case of Manufaktura in Poland is an extreme example showing the possible links between heritage and commercial activities. The industrial site has been transformed into a shopping centre (also housing restaurants, hotels, and museums) where commercial activities have become the first source of funds for the restoration project. Other cases, like Porto, show how incubators of new business in historical locations can go along with rehabilitation projects and stimulate investments, while attracting new activities and residents.

- **Traditional**: the increasing frequentation of heritage sites can help to increase the demand for traditional productions, like traditional local crafts, agricultural products, and artistic goods. Arts and crafts workshops are often located in historic heritage sites after being rehabilitated (when rents are still not too high). They contribute to the cultural valorisation of the site and attract new residents, customers, investments, and sometimes incite gentrification processes. Usually they can be successfully maintained in the centre, if they are supported by apt public policies or a strong community engagement. Besides the sale of traditional products, these activities can generate other fluxes of revenues with trainings,
demonstrations for groups, and visits. The case of Portland Works in Sheffield is quite exemplar in this sense and it highlights very well the need for real estate projects respecting the traditional function and uses of the heritage site and having a strong social and cultural impacts.

- **Tourism**: The most widely cited category of activities related to cultural heritage is certainly tourism. It is listed last here simply because, even if cultural tourism is an undisputed component of national economies, it can grow in a sustainable way and ensure the vitality of cultural heritage only if other uses are correctly developed. A cultural site were all the activities are only developed in function of tourism (souvenirs shops, restaurant, hotels, guided tours etc) risk to become unattractive for residents and other businesses, and in the long terms also for tourists themselves. The centre of Bordeaux is a good example of a site were public policies and investments have contributed to maintaining social diversity and avoiding that the place becomes only interesting for tourists. But also in sites where the majority of activities is related to tourism, like the Château Fort of Sedan, it is important to diversify the offer and to strengthen the link with the surrounding territory, developing and sharing potential incomes.

All the categories of activities presented are of course tightly linked to eachother. Safeguarding activities, even where they do not generate any direct revenue and in fact require important financial and technical resources, is crucial for maintaining the existence value of the site. Additionally, they form the basis for all other direct and indirect uses. Cultural and creative activities increase the cultural value of the site and attract new residents, visitors and business. Commercial activities answer to residents, workers, and visitors needs. Infrastructural activities create the basis for a sustainable development of the site. Tourism attracts visitors and resources and, when well regulated, generates benefits for many different actors. All those activities, well managed and connected can thus create a sustainable ecosystem where a living cultural heritage is preserved trough multiple uses and public and private efforts.
Linking Projects to Local Strategies

Another element of success that emerges from the case analysis is the importance of linking heritage uses to local needs and specific contexts. Increasingly, the preservation of cultural heritage becomes ecosystemic and development-oriented. Heritage is considered as a crucial asset for thinking about and implementing local development strategies. Local plans and strategies are of course linked with national and international priorities, and their realization demands a deep collaboration between private and public partners. In the case of Darwin Eco-System in Bordeaux, the restoration of the Niel military barracks has been developed in the framework of a municipal plan for the neighbourhood regeneration and around a common idea of sustainable economies (carried out by the group of people at the origin of the project). This has deeply influenced the restoration choices, the organisation of spaces, and the linking of all the activities with the local environment. Thus, private public exchange is fundamental to achieve common objectives and to continuously adjust them to emerging needs and values. In the case of the Palladian Villas, the different projects realized in terms of restoring and promoting the heritage buildings are mostly private. Nevertheless the IRVV has created since 1978 a general framework to inspire and sustain, also financially, these initiatives. A deeper collaboration is however envisaged in order to strengthen the different projects of the single villas, creating a network at the regional level, sharing common objectives and sustaining necessary infrastructural investments. This could make single projects more successful and also extend positive impacts to a larger territory. In this sense, on the one side, public authorities can contribute to defining framework strategies where priorities are clearly pointed out and private interventions oriented. In practice, legislatures and public strategic plans can encourage efficient and socially desirable private-sector interventions, which contribute to heritage rehabilitation and create new occupation and revenues. Apt public measures are, for example, subsidies and tax exceptions (less coercive than direct government action) sustaining projects pursuing cultural and social aims capable of generating positive incomes. On the other side, residents, and people interested at different levels in cultural heritage, can be involved in the definition of these strategies and in the identification of the projects that concern them directly. This effort in clarifying objectives and impacts, can further contribute to mobilizing appropriate financial and non-financial means.

New Actors, Local Actors, Communities

Several international processes tend to recognize communities and their participation as key actors of global governance, as well as of heritage governance and safeguarding: the Declaration on the Rights of Indigenous Peoples, the Rio+20 process that identifies community participation as a crucial matter for sustainable development strategies; the Community-driven development (CDD) programs supported by the World Bank, the Aarhus Convention that deals with the issue of public participation in decision-making, and finally the point was also stressed by the White paper on European governance. More specifically, the role of the community in relation to cultural heritage is emphasized by the Unesco Convention for the safeguarding of Intangible Cultural Heritage (2003): “communities, in particular indigenous communities, groups and, in some cases, individuals, play an important role in the production, safeguarding, maintenance and re-creation of the intangible cultural heritage, thus helping to enrich cultural diversity and human creativity”. At the European level, the Framework Convention on the Value of Cultural Heritage for Society (Faro, 2005) introduces the notion of “heritage communities” and underlines (article 2.b, 2005) that “a heritage community consists of people who value specific aspects of cultural heritage which they wish, within the framework of public action, to sustain and transmit to future generations”. It becomes clear that the maintaining, production and reproduction of heritage, tangible, intangible or digital,
increasingly depends on the interests and interactions of people in the community. Thus, the involvement of inhabitants, citizens, and interested people becomes crucial in terms of initiating and pursuing successful projects aimed at developing new uses of cultural heritage sites and ensuring their safeguarding. This involvement of citizens is not only theoretical, nor does it only concern the definition of projects: rather it can also be translated into concrete actions and funding support. New forms of funding are consequently developing: crowdfunding, community shares, and Social Responsible Investment Fund, for example.

In the case of Portland Works and Darwing Eco-System, the involvement of local actors not only in the decision about the destination of the two industrial spaces, but also in the collecting of financial means has been crucial. The effort of small local investors (often excluded by traditional financial instruments) has made the project not only feasible, but has also created a strong link between inhabitants and the heritage site. This shows that the generation of apt financial means can become an opportunity to unite different actors, such as donors, proprietors, project administrators or program initiators, and inhabitants to change their perception of cultural heritage and to increase their sense of responsibility toward cultural heritage safeguarding, creating a dynamic synergy. To enable local inhabitants to act as investors, and as project developers, it is crucial to develop fitting meeting places, cooperative strategies, and financial instruments. It should be borne in mind however that financial return can be secondary in this kind of project, where investors may be moved by other desires, like generating social, cultural, and environmental impacts that they can enjoy directly.

**The Challenge of “Innovative Financing”**

The aim of this study is to identify new financial models for the conservation, rehabilitation, promotion and management of cultural heritage sites. The cases studied point to some original experiences where new resources have been developed associated with new uses of cultural heritage and involving new actors, mainly local. This highlights new solutions in terms of raising new funds and is welcomed particularly considering the current climate where public resources are lacking and competition is high. The type of funds and financial mechanisms can vary in relation to uses, actors involved and pursuit objectives. In the following pages, the main forms of innovative financing emerging from the case analysis will be synthesized. These financial instruments are meant to point out some original ideas to deal with the question of funding, but in any specific case, they need to be tailored to suit particular needs, local context, legal frameworks, involved actors, and heritage use constraints.

**Revolving funds: acquisition and loan funds**

The cases of the DOMunder, sustained by the Dutch National Restoration Fund (*Nationaal Restauratiefonds*), of Portland Works, initiated thanks to the Architectural Heritage Fund, of the Palladian villas and its dedicated fund for restoration works managed by IRVV, show how revolving funds are well positioned to meet the financial issues above identified and to encourage the sustainability of cultural heritage projects. In fact, if suitably developed in relation to the specificities of cultural assets, revolving funds can help to solve some of the main problems related to cultural heritage investments:

- They can mobilize resources for a long time period and with slow maturation perspective.
- They are capable of re-injecting the profits realized into new activities directly or indirectly related to cultural heritage.
- They may foster a systemic logic that cares not only about the development of specific initiatives, but also about strengthening their relations with other existing or potential
activities;

- They contribute to the transfer of financial responsibility for the safeguarding of cultural heritage from the States, to local governments and private actors;

- They can support continuous cultural heritage financial needs, thanks to the fact that the capital of the fund is revolved and can be used more than once. This continuous need for financial means is related to the fact that conservation interventions have to be renewed over the years due to the material weathering, the evolving nature of security norms, and the development of new projects.

These general characteristics can then be combined in different ways to meet the objectives of specific revolving funds. For example, in the case of the Architectural Heritage Fund set up in 1976, loans last generally two years. But it is based on simple and rapid procedures and accepts to take high level of risk (compared to traditional bank loans). This allows investors to seek immediate opportunities and initiate high-risk projects. After two years, the loan is repaid by the sale of the rehabilitated building, by a grant or by a longer-term refinancing, usually by mortgaging the building.

The development of revolving funds was suggested by the Declaration of Amsterdam of 1975: “Authorities should set up Revolving Funds, or encourage them to be established, by providing local authorities or non-profit making associations with the necessary capital. This is particularly applicable to areas where such programmes can become self-financing in the short or the long term because of the rise in value accruing from the high demand for such attractive property.” Revolving funds are consequently a financial tool often used to sustain the development of environmental infrastructure, urban restoration, mobility projects, and other citizen services.

A revolving fund is a pool of capital created for a specific purpose. The capital of the fund is borrowed, on the condition that it will be later returned to the fund and “revolved” to new projects. In general, two types of revolving funds are recognized: the acquisition funds and the loan (or revolving) funds.

In the first case, the fund is used by an institution to purchase, stabilize and/or rehabilitate and finally resell a heritage asset. Hence, the institution managing the fund buys the heritage asset, it restores it, promotes it in view of finally selling it. The income generated by this operation is used to repay the principal and the interests (that are calculated as a percentage of the principal), that represent the cost of the use of the fund. The money returned to the fund is then used to acquire other assets, and so on. This mechanism allows the gradual renovation of cultural heritage assets, that once restored are put back into the economic system in such a way that they can reap some benefits without having to sustain the excessive costs related to restoration, conservation and even maintenance. Nevertheless, these kinds of operations are limited by the amount of available financial resources and it may be difficult to attract new resources since their use is barely lucrative.

In the second case, the institution managing the loan fund plays a mainly financial role. It finances organizations that can be owners of heritage assets or involved in the development of the economy of heritage sites. The resources provided by the loan fund can stimulate activities and even create synergies among cultural heritage actors, attracting new stakeholders and investments. The fund revolves through the repayment of the loan’s principal and interests, over the course of a pre-established loan term. As in the previous case, the reimbursement permits to re-establish the fund and to use it for other projects.

In both cases, the objective and the functioning of the revolving fund organization cannot be exclusively based on traditional lending criteria: creditworthiness, equity, management ability, profits or cash flow. In fact, we can observe that:
interest rates are often lower than the market ones and they may vary depending on the potential return of the project, according to ability-to-pay indicators. Thus, projects less profitable, but having strong non-economic impacts, can benefit of lower interest rates; the duration of amortization of the principal is often longer compared to traditional loans; mortgage guarantees required normally do not impose penalizing conditions as compared to market conditions; technical assistance is often included in the fund’s basic services in order to heighten the success of funded projects.

These favourable conditions are possible since revolving funds are not only created exclusively for financial purposes, but mainly:

- to increase access to capital for organizations and individuals engaged in projects related to the main goal of the fund;
- to make the preservation and safeguarding projects more economically viable and sustainable;
- to create synergies between the fund and the community benefiting from the fund.

In the specific case of cultural heritage, revolving funds can support a variety of projects: conservation of all kinds of heritage - architectural, archaeological, moveable, cultural landscapes, natural heritage, immaterial heritage -, revitalization of heritage areas, promotional activities, educational projects, etc. Hence, if the repayment of the loan remains essential to keep the fund revolving, its main focus becomes the success of the project related to a cultural heritage site. Thus, it is crucial to evaluate not only financial sustainability of the supported projects, but also to capture the multiple non-financial effects that incite the assumption of the risk related to establishing this kind of fund.

Making revolving funds work is not without constraints and risks, nevertheless they represent a valuable and challenging tool for the preservation of cultural assets and a credible solution in the face of diminished public resources in this field.

Impact investments
Impact investments are investments that aim to create positive outcomes (social, cultural, and environmental) beyond financial return. Investors attracted by these investments can be highly diversified: public institutions, philanthropic foundations, institutional investors, companies, communities, and individuals. Investors in this sense, as opposed to traditional investors, are usually ready to accept to trade-off financial returns for positive impacts, as well as investing in associated high-risk activities. Thus, for the long term sustainability of these investments it becomes crucial either to be able to measure the impacts generated, providing standardized and comparable data like Impact Reporting and Investment Standards (IRIS), or to involve local investors that can perceive directly the positive non-financial effects.

In the cases analysed, the willingness of local investors to sustain projects they are feel affinity to, related to the improvement of the quality of their heritage and living conditions, has emerged as a real factor. In order to sustain small local investor participation, appropriate investment funds can be created, like Archipel ISR, a Social Responsible Investment Fund created in Bordeaux to open the capital of SAS Darwin Bastide to investors interested in supporting the project, and ready to accept a compromise between financial profitability and social and environmental performance.

Community shares
Community Shares are a well-known means by which groups of people can sustain and fund solid community projects. They permit to raise large amounts of capital through the investments of small sums by many members of a community. Nevertheless, as opposed to crowdfunding, community shares need a long term commitment and offer to communities an ethical way of investing in
projects they care about (social, cultural, environmental), usually in a long term perspective. The borrowed capital, depending on the project, can be repaid in a short or long term period. However, usually people investing in these shares are more interested in real positive social, cultural and environmental impacts as opposed to financial return and reimbursement of initial capital. Rules for withdrawing earlier shares are specified per project and can be at the discretion of the Board.

Community shares can be issued by different organizations, depending on the specific legal framework of each state. In England, in the case of Portland Works, they have been issued and managed by an apt institution: a Community Benefit Society (previously known as an Industrial & Provident Society for the Benefit of the Community). This system has created a space within which the required funds could be gathered, collecting them from many interested persons, but in reliance on active support (through voluntary work) of many members.

**Monitoring Results**

Besides all the indications given, the success of innovative financial instruments depends on their capability of developing marketing actions aimed at inciting new investors, stakeholders, projects and partnerships at different levels. For these results to be successfully achieved, it is necessary to monitor results and impacts, in order to determine whether specific goals have been attained, and to raise awareness of the accomplished results among investors and other stakeholders.

The evaluation process should concern financial results, but also non-monetary ones like improving of quality of life, maintaining the specificity and identity of sites, limiting gentrification processes, encouraging new investments, creating virtuous circles and maintaining options. Regular reporting and supervision can confirm the quality and scope of the work carried out. The availability of recorded data within this sector is certainly improving permitting an evaluation of social and financial outcomes allowing investors to evaluate results and risks. Thus, these financial instruments can be consolidated and consequently can ensure further interventions in order to guarantee the durability of the safeguarding process. This means encouraging today’s heritage financiers to continue supporting cultural heritage, through apt incentives and information.

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