

July 29, 2010 READS Workshop



Creative Facility Options for Nonprofits:
How Nonprofits are Looking at Facilities, Sharing Spaces, and Financing the Facilities They Want

Learning Outcomes

- ▶ Gain a general understanding of the real estate process and the need to focus on financial health
- ▶ Understand that this is complex and READS is here to help
- ▶ Walk away with some concrete possibilities for next steps

Presentation Overview

- ▶ **Introduce Tools and Resources to:**
 - ▶ Understand real estate development
 - ▶ Grapple with facilities questions
 - ▶ Successfully negotiate leases
- ▶ **Outline**
 - ▶ Look at key financial information for a Non-profit
 - ▶ Highlights from the real estate development process
 - ▶ Provide useful handouts

Today's Presenters

Keith Timko
Director & CEO of READS

Leah Apgar
New Jersey Community Capital

About READS

- ▶ READS is a nonprofit partner working with a variety of nonprofits on facility issues.
- ▶ We've worked on 15 projects worth over \$110M in urban, suburban, and rural settings.
- ▶ These markets include charter schools, day care facilities, supportive housing, nonprofit office facilities, and manufactured housing.

About New Jersey Community Capital

- ▶ Community Development Financial Institution (CDFI) with a 23-year history
- ▶ Provided \$260 million in financing for 680 projects since inception
- ▶ Approximately 170 million capital under management
- ▶ Mission-focused lender
- ▶ Focuses on financing community development projects in NJ, specifically charter schools, affordable housing, and early education centers
- ▶ Provides a variety of types of financing – bridge, predevelopment, acquisition, construction, mini permanent

Assessing Your Needs: Mission

- ▶ What's the connection between your space and your mission?
- ▶ Does your facility support the programs that further your mission? Could it do a better job of this? Is it holding your organization back?

Assessing Your Needs: Term

- ▶ How long can you occupy your space?
- ▶ Are you ensured continued operations?
- ▶ If you lost your space for any reason, what would happen?
- ▶ Do you have a contingency plan?

Assessing Your Needs: Cost

- ▶ How affordable or economical is your space? Could it be more affordable?
- ▶ What are your current costs per square foot?
- ▶ How are those costs projected to increase?
- ▶ Could your costs rise dramatically in the future?

Assessing Your Needs: Quality

- ▶ Are you currently in a healthy, high-performing space?
- ▶ How is the lighting?
- ▶ Air quality? How green is the facility? How efficient?
- ▶ Nearby amenities such as access to public transportation or healthy food options
- ▶ Is your location where your customers are? Your staff?

Assessing Your Needs: Community

- ▶ What about your connection to your community and your customers?
- ▶ Does your facility foster this connection? Could it do more?
- ▶ Are there opportunities through a new or improved facility to do more?
- ▶ Could other community partnerships bring in additional revenue? Make the space more affordable?

Assessing Your Needs: New Opportunities

- ▶ Could you be more creative with your space?
 - ▶ Partnering with a private company
 - ▶ Co-locating with other nonprofits and sharing services
 - ▶ Identifying additional space with other groups for satellite offices
 - ▶ Maximizing your current space by renting it out or letting the public use the space, or starting a community garden.

Assessing Your Needs: Mixed-Uses

- ▶ Could your program be more effective in a mixed-use context?
- ▶ What other uses would benefit your program?
 - ▶ Housing?
 - ▶ Commercial?
 - ▶ Social services?
- ▶ Are there any logical partners to connect with?

Assessing Your Needs: Analysis

- ▶ There are different metrics for looking at this:
 - ▶ Facility costs as a percentage of your operating budget
 - ▶ Facility costs per client
 - ▶ Facility costs per customer
 - ▶ Gross square feet per client
 - ▶ Gross square feet per staff members
 - ▶ Staff and customer surveys
 - ▶ Real estate needs and opportunities analysis

So Now What?

- ▶ Develop a facility plan
 - ▶ Not an encyclopedia
 - ▶ Simple, straightforward direction on your real estate needs
- ▶ Identify whether you want to rent or own (see *handouts*)
 - ▶ Advantages/Disadvantages of renting
 - ▶ Advantages/Disadvantages of owning
- ▶ Identify financial feasibility of real estate options.
 - ▶ Creativity. Vision. Partnerships.

If you had a facility project...

- ▶ Key Steps
 - ▶ Location and site control
 - ▶ Development budget
 - ▶ Assessing financial feasibility
 - ▶ Assemble design team
 - ▶ Financing

Key Components of RE Development

- ▶ Legal
- ▶ Environmental
- ▶ Engineering
- ▶ Architecture
- ▶ Planning and Zoning
- ▶ Financing
- ▶ Legal

Assembling the Design Team

- ▶ Project Manager
- ▶ Architect
- ▶ Engineers
- ▶ General Contractor
- ▶ Lawyers
- ▶ Owner
- ▶ Owner's Representative

Assembling the Design Team

- ▶ Project Manager
- ▶ Architect
- ▶ Engineers
- ▶ General Contractor
- ▶ Lawyers
- ▶ Owner
- ▶ Owner's Representative

Case Study: Learning Community Charter School

- ▶ Were leasing space in Boys and Girls Club
- ▶ Bought a building
- ▶ Utilized New Market Tax Credits



Case Study: Nonprofit Centers

- ▶ Examples large and small
- ▶ Potential funding opportunities
- ▶ Chances to save and share services

Additional Facilities Support

- ▶ Groups like READS can conduct a feasibility study
- ▶ Your Board members and volunteers can assist with a real estate analysis, too. Ask about the presence of this expertise.
- ▶ Lenders like New Jersey Community Capital can also offer assistance.



Your Questions and Comments


