


**July 29, 2010 READS Workshop**



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

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**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

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**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

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**Today's Presenters**

Keith Timko  
Director & CEO of READS

Leah Apgar  
New Jersey Community Capital

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**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.

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**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

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**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?

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**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?

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**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?

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### 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?

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### 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?

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### 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.

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**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?

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**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

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**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.

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**If you had a facility project...**

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

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**Key Components of RE Development**

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

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**Assembling the Design Team**

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

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### Case Study: Learning Community Charter School

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



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### Case Study: Nonprofit Centers

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

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**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.



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Your Questions and Comments



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