



## Our mission: building organizational equity through real estate

### *A message from the president*

Dear Friends:

An important part of the mission of READS is to promote regional equity and build sustainable communities through innovative real estate development.

Developing school facilities in low-income communities or preserving affordable housing for those with the lowest incomes are noble causes in and of themselves. However, we at READS believe we can do this important work while also building wealth, power and a strong sense of community for our clients.

The nonprofit sector has few ways, if any, to build wealth. However, just as home ownership is the key element in wealth creation for individuals so, too, is real estate ownership a key means for nonprofits to build wealth.

So the question we at READS ask our clients is, "Why pay rent for your facility,

carrying for it as if it were your own, while the benefits of ownership flow back to the landlord?"

Instead, we believe nonprofit organizations, which have worked so hard to improve the lives of others, should reap the benefits of real estate ownership themselves. Not only does real estate ownership promote wealth creation over the long term, but it also provides for control of the places we call home.

And if we don't control the real estate in which our organizations are housed — the places so crucial to our very existence — we turn control of our organizations' long-term sustainability over to landlords and the assets of our communities over to others.



BRIAN KEENAN

We are, of course, not saying real estate ownership is for every organization. It is not. But when you begin to think about the long-term viability and sustainability of your organization, think about this: Is there really a difference between paying a mortgage and paying rent? And is the home of your organization secure?

At the end of the day, organizations that own their real estate have something besides a place to call their own. They have a home and a sense of permanency. They have equity and a financial stake in their future and the community they serve.

Those are the essential issues that led to the creation of READS, and it's why we're so passionate about helping organizations secure greater wealth and well-being by owning rather than renting the assets of their communities.

## READS joins network to save manufactured home communities

Through an affiliation with a national network, READS is now helping residents of manufactured home communities, more commonly known as mobile home parks, in Delaware and New Jersey to preserve their homes and way of life.

READS was one of 10 initial partners to join the ROC USA network when it launched in May. Based in Concord, N.H., ROC USA helps residents of manufactured home communities buy the parks where they live when the property goes up for sale. Originally approved just for service in New Jersey, READS has included Delaware in its service area since late August. There are an estimated 50,000 manufactured home communities in the United States, including 275 in New Jersey and another 330 in Delaware. A great many of those are land lease communities, with retirees on fixed incomes who live in them year-round. As part of its affiliation with the network, READS provides homeowners with both pre- and post-purchase training and technical assistance and helps them to get the financing they need to purchase their communities and save them from development.

"READS is excited and honored to serve manufactured home

owners," said Brian Keenan, founder and president of READS. "We're delighted to bring these resources to the table to help preserve this form of affordable housing and put ownership in the hands of people who need it."

Delaware Gov. Minner on July 29 signed into law a measure that gives homeowner associations the opportunity to purchase their land when it is being sold by the community owner. Without that opportunity, manufactured home owners risk eviction when their community is sold to a new owner who might develop the land, or impose higher land rents.

"READS is an excellent on-the-ground resource for homeowners with an opportunity at hand," said Paul Bradley, founding president of ROC USA. That sentiment was echoed Sept. 4 at Minquadale Mobile Home Park in Delaware, when READS led a community organizing meeting. The homeowners, once they knew what opportunities that READS was bringing to the table, decided to begin the work on incorporating so they could save their community.

The ROC USA network was launched on May 6 in Concord, with more than \$8 million in investments from the Ford Foundation, Fannie Mae, the Corporation for Enterprise Development, NCB Capital Impact, and the New Hampshire Community Loan Fund.

As one of the initial service providers associated with ROC USA, READS received a \$50,000 grant from the Corporation for Enterprise Development, to help cover the start-up costs of joining the network, including staffing, program development and training. READS began its work with manufactured home communities in 2007 through a previous grant from the Corporation for Enterprise Development. That grant allowed READS to develop a web site about resident ownership, and to provide technical assistance to homeowners in New Jersey manufactured home communities for the conversion of their parks to resident-owned communities.



READS is helping residents of mobile parks like this one buy their communities when the land goes up for sale.

# Your school and the new state environmental regulations

By Steven Ramiza

It was a little over two years ago that state workers discovered elevated mercury levels at the site of Kiddie Kollege in Franklinville. The day care had been built on the site of a shuttered thermometer factory, and as word of the contamination spread, the state quickly took action to prevent the problem from recurring.

On January 11, 2007, Gov. Jon Corzine signed a law to ensure that all buildings and properties proposed for child care centers or schools — public, private, or charter — are free of contamination that could pose health risks to the children and staff.

The Department of Community Affairs has told local officials not to approve new sites for child care centers or schools until the sites have passed the rest of the new approval process. For the general public, this new process can seem rather complicated.

In fact, there are four separate state agencies involved. Besides the Department of Community Affairs, the process also involves the departments of Environmental Protection, Children and Families, and Health and Senior Services.

First, the law requires each facility to prepare a Preliminary Assessment Report, in accordance with the DEP Technical Requirements for Site Remediation. The report is used to identify potential issues with the exterior of the site, namely soil and groundwater contamination.

If the DEP determines that there is no

## ***Did you know?*** Some helpful tips from READS

potential for soil or groundwater contamination which children might be exposed to on the property, then no sampling is required, and the DEP will issue an approval letter.

Otherwise, the DEP requires soil sampling and additional reporting for properties that have a potential for contamination from existing source areas, past industrial uses, or for properties that historically were used for agriculture or farmland.

When the Preliminary Assessment Report goes to the DEP, another copy also gets submitted to Health and Senior Services. This department focuses on identifying potential issues with indoor air quality on the property, and determines if there is a need for air sampling. Health and Senior Services requires any facility located in the same building as a dry cleaner or a nail salon to do air sampling.

Once potential indoor air quality issues have been addressed, Health and Senior Services will issue a clearance letter. Facilities also are required to get a letter from the local construction official stating that the property was never used as a dry cleaner or a nail salon, for storage, for a high hazard use, for a factory or industrial use, or as a gasoline

station.

Buildings built before 1978 must have an inspection for lead paint. Public and private elementary and secondary schools also must have an asbestos inspection performed every three years. Child care centers are also required to test for radon gas at least once every five years.

Additionally, child care centers are required to provide a certification that the property is serviced by a public community water system.

If the property uses water from a private well, the center must sample the well and submit the results to the DEP's Bureau of Safe Drinking Water to obtain a Compliance Letter. These new requirements must be met before a facility can get a certificate of occupancy or a building permit from the municipality, or a child care license from the Department of Children and Families.

It may seem like an overwhelming process, but as long as the facility allows enough time to gather the required information, perform inspections, prepare reports, and receive comments/approvals from the state agencies, the requirements aren't nearly as bad as they seem, and they don't typically result in significant delays.

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## READS is pleased to announce continued growth

### **Crum joins READS staff**

Jeff Crum joined the staff of Real Estate Advisory and Development Services this September, bringing years of experience in the community development sector and a commitment to wealth creation and community revitalization for New Jersey's low-income communities. His job at READS will be vice president of real estate development.

Mr. Crum comes to READS most recently from New Jersey Community Development Corp. in Paterson, where he had been working as the director of real estate development.

In that position, Mr. Crum was heavily involved in a number of community development projects, managing them from site location through financing commitment and construction completion.



Most notably Mr. Crum played an instrumental role in the development of the Community Charter School of Paterson's new school facility, an \$8.1 million rehabilitation of a warehouse in Paterson's historic district. He also spearheaded the development of more than \$20 million in supportive housing projects for the organization.

### **De Santis joins trustees**

Deborah de Santis has become the latest addition to the Board of Trustees of READS.

De Santis, who lives in Metuchen, joined the five other members of the board July of this year. She brings READS her experience in the nonprofit sector, where she has been involved with efforts to provide permanent affordable housing. De Santis has worked extensively with foundations and other grant-endowing



organizations, and has turned those partnerships into concrete, impressive successes.

"As one of our trustees, Deborah will help READS in its mission of building equity and sustainable lives and communities through innovative real estate development," said Brian Keenan, president and chief executive officer of READS.

De Santis has worked for the New York-based nonprofit Corporation for Supportive Housing for five years, initially running the nonprofit's New Jersey program, and more recently as president of the national organization. De Santis has led the organization as it has worked at the community level to develop permanent, affordable housing for low-income families. She also has been developing broad financial support for supportive housing nationwide and across the political spectrum.

De Santis is involved in several other organizations concerned with housing needs, including the Council on Affordable Housing, where she has been a longstanding member, and other groups such as the Fannie Mae New Jersey Advisory Board.

# DREAM REALIZED:

## READS helps new charter school build a home

Certain things go with the first day of school: new books, new classmates, sometimes even a new school.

Sometimes a very new school.

In a scene that is becoming increasingly common in New Jersey, thanks to the services that READS provides the state's charter school community, students at Community Charter School of Paterson got to spend their first day of school this year in a building that was all their own. That ownership, which traditional public schools take for granted because of their ability to access state subsidies, is something charter schools have to work for. The only options they have are to rent space or hope for some financial wizardry to make it possible for them to own a building. Either way, the school has to find the money in its operating budget — which means less money for programs.

Enter READS.

After Community Charter School won approval in 2006, its founders turned to READS for help. The building was no problem — the site the school now occupies originally had been planned for another charter school, which unfortunately was unable to open — but New Jersey Community Development Corp. needed help financing the project, which involved converting a vacant warehouse at 75 Spruce St. in Paterson's historic district.

"Every case is a little different," said Brian Keenan, founder and president of READS. "In this case they had identified a building that was to be the home of another charter school."

Working on the school's behalf, READS reached out to The Reinvestment Fund of Philadelphia. The organization put together an \$8.1 million loan package for the redevelopment project, and agreed to lend



NJCDC the money. But this wasn't just a loan. It was a loan with a tremendous advantage for Community Charter School.

"They got 100 percent financing for the building, and the loan payments are interest-only for seven years," said Keenan. "That's significant savings."

But with a deferral on principal payments, the school has more money this year to focus on its program. More money for staff. More money for equipment. More money for technology. More money for curriculum development.

More money translates into more time to make the program all that the school founders want it to be. With that additional time to better the school, NJCDC also has more time to attract grants and other partners to help it pay off the mortgage when the time comes.

Arranging the financing was an important step in leading the school to Opening Day, but it was only the first step in the journey READS would take with NJCDC. READS worked with officials at the charter school to make sure it complied with all the contract laws, from arranging for construction bids, through the regulations that govern lending arrangements, down to managing the project itself. That meant complying with state environmental regulations for schools, keeping the work on schedule, and keeping cost overruns to a minimum.

The Community Charter School building formerly has been a warehouse and a factory. Crews gutted the inside to make it suitable for a school, but because the facility is located in the historic district, left some of the warehouse's architectural features in place. Students are able to see the wide plank floors and the post-and-beam supports.

Designed by architect Design Ideas Group and built by contractor Dauti Construction, the facility covers 35,000 square feet. Located at 75 Spruce St., the school is providing classes for kindergarten through third grade. Plans call for adding fourth grade in 2009-10, and ultimately expanding to 500 students.

"I toured the completed Community Charter School facility, a project READS assisted in securing \$8.1 million for to redevelop a warehouse in the historic district," Keenan said recently. "The facility is stunning and it was amazing to see the 400 students at their desks learning."

All of 35,000 square feet in size, the school boasts a large multipurpose room, a new playground and space for meetings of the school's membership.

"We owe a debt of thanks to READS for all of their help in getting us to this point," said Robert Guarasci, the chief executive officer of NJCDC. "I am very mindful that without READS, this would not have happened."



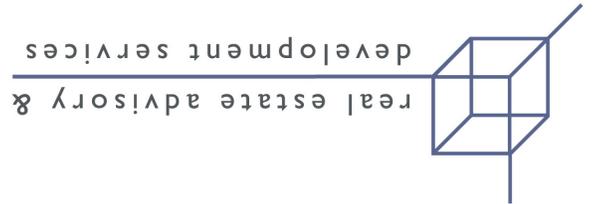
Located in the historic district, the \$8.1 million building is one of the latest facilities that READS has helped bring to fruition.

READS is a 501(c)(3) not for profit organization. To support READS send your tax-deductible donation to READS at the address above

*READS is a full-service, nonprofit real estate development and consulting firm with a focus on community and economic development. READS provides guidance and direct real estate development services to organizations seeking to develop real estate to meet their organizational and client needs.*

*Our Mission  
READS promotes regional equity and builds sustainable communities and socially progressive organizations through innovative real estate development.*

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**Thank you to our funders**

READS would like to thank the following funders for supporting our work developing charter school facilities and preserving affordable housing:

- Corporation for Enterprise Development
- The Bodman Foundation

**READS work garners state, national recognition**

READS' received national recognition this summer for its Gaining Ground initiative by the National Resource Center on Charter School Finance and Governance.

Gaining Ground is profiled as one of 10 promising practices for charter school finance on the National Resource Centers web site. Check it out at [www.charterresource.org](http://www.charterresource.org).

Last year the New Jersey Department of Education honored READS with the Corporate Partnership Award.

The award recognizes efforts to support quality public school choice for all families in the state through leadership, creativity and commitment to equality and excellence in education.

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