ADDENDUM:
Community Input

Status of Bay Area Nonprofit Space & Facilities

June 2016
In March 2015 Northern California Grantmakers (NCG), The San Francisco Foundation, and partners released a study on Bay Area nonprofit space needs that showed many nonprofits were extremely concerned about the real estate market’s impact on their sustainability.

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At each of the discussions, participants were asked for their ideas on how to alleviate the current challenges of limited space and rising costs for nonprofits in the region. Their responses fell into five categories:

- Space
- Funding
- Technical Assistance
- Policy
- Other

Below are some of the key ideas to emerge through this process.
SPACE

- Create or support the creation of more shared spaces for nonprofits.
  - Bring together organizations in the same sector (e.g., social services, health) to share space. Special attention should be paid to the distinct needs of performing arts.
  - Help agencies share same space w/ flexible schedules.
  - Help Nonprofits make underutilized, “back-office,” or storage spaces available.
  - Help foundations, for-profits, schools, or churches make space available.

- Create or support the creation of nonprofit centers and hubs—buildings or facilities that house multiple nonprofits, generally with below-market rents.
  - Develop new centers and/or incubators for nonprofits.
  - Encourage the creation of municipally-owned or -sponsored centers.
  - Encourage “collaborative” office centers that house both for- profits and nonprofits.

- Help nonprofits negotiate longer-term leases in their spaces to ensure greater stability.
- Support creative approaches to space (e.g., mobile and virtual spaces, telecommuting).
- Support nonprofit real estate acquisition and leasing, including through mechanisms such as a real estate holding company or community land trust.
- Map properties that could be adapted to nonprofit use including vacant facilities, city-owned properties, and existing properties owned by developers.
FUNDING

- Make changes to overall grantmaking practices that would more broadly help nonprofits weather space challenges. These could include providing more general operating support rather than project-based funds; providing larger and/or multiyear grants; increasing or eliminating overhead caps; and providing funding for advocacy or policy work.

- Provide one-time or ongoing funding directly related to space. This could include offering “mitigation” grants that offer direct financial assistance to avoid or address issues of displacement; providing rent subsidies; and adjusting grants to account for higher office space costs.

- Provide funding for the acquisition of property. This could include several funders pooling funds; working with financial institutions to make lines of credit more accessible to nonprofits; or providing tenant improvement funding for long-term vacant properties.

- Encourage alternative funding approaches, such as bridge loans, program-related investments, mission-related investments, direct public offerings, and online vehicles.

- Support the creation of donor-designated and other dedicated funds related to nonprofit space within community foundations.

- Provide greater funding for community advocacy and economic development organizations.
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TECHNICAL ASSISTANCE

- Support the creation of one-stop resource centers for nonprofits to receive services.
- Provide a database of nonprofits interested in sharing, leasing, or purchasing space.
- Provide “matchmaking” services for nonprofits interested in sharing space.
- Offer workshops on real estate readiness (e.g., purchasing, financing, ownership).
- Offer direct technical assistance on business planning, financial planning, space planning, identifying/evaluating potential sites, negotiating lease or purchase agreements, developing construction budgets, and assessing funding sources.
- Facilitate nonprofit mergers when appropriate and feasible.
POLICY

- Institute commercial rent control that would benefit nonprofits (Circa 1943-1965 NYC)
- Promote inclusion of nonprofit space in new developments by offering tax breaks or incentives to developers or owners that house nonprofits or offer below-market rent.
- Fund community/nonprofit facility ownership through bond measures, impact fees, developer fees or targeted/specialized taxes.
- Develop “down-market” strategies, such as annual set-asides or collaborative funds, to help with the acquisition of real estate for nonprofits during a market downturn.
- Encourage/compel private sector businesses to fund nonprofits in the communities they move into.
- Connect to or create a “trade or interest” association for developers to donate space, provide below market space, or allow percentage of profits to subsidize space.
- Leverage policies on development caps that manage growth to create nonprofit space.
- Promote living wage policies in the Bay Area to help mitigate displacement of nonprofit workers.
Host **convenings** related to nonprofit space that advance solutions. This could include:

- Convene nonprofits, funders, and city government to talk about and explore mitigation efforts and programs currently underway;
- Convene multi-sector meetings that include developers and investors;
- Convene to develop community-based strategies to address nonprofit displacement

Encourage **philanthropic leaders** to advocate to developers and government, including supporting efforts to pay actual costs of local services. This could include mapping relationships between philanthropy and commercial real estate holders.

Work to include perspectives of minority and underserved communities into decisions being made by majority-white funders.

Engage in **advocacy** that draws attention to the sector’s economic force, social impact, and contribution to the life of community. Highlight that nonprofits act as a stabilizing force in communities.

Conduct **additional research** to further define the issue of nonprofit displacement. This could include conducting qualitative research on the impact of displacement, as well as on the economic impact of the sector.

Develop and provide a “Continuum of Care/Sustainability” approach that involves (1) short-term/emergency, (2) medium-term/transitional, and (3) long-term/acquisition strategies.
Ideas for Preventing Nonprofit Displacement

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### Space
- Create or support shared spaces, nonprofit centers, and hubs
- Help nonprofits negotiate longer-term leases
- Support creative approaches to space
- Support nonprofit real estate acquisition and leasing
- Map properties that could be adapted to nonprofit use

### Funding
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### Technical Assistance
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### Policy
- Institute commercial rent control
- Promote inclusion of nonprofit space in new developments
- Fund community/nonprofit facility ownership
- Develop “down-market” strategies
- Fund nonprofits when they move to new communities
- Connect to or create a “trade or interest” association
- Leverage the Proposition M cap in SF
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