



Your Non-Profit Facility Needs Work, Now What?© Seven Steps to Real Estate Stewardship

By Cherie Kirschbaum

As an Executive Director, it is not uncommon to discover that a building owned by your organization needs a new roof; the plumbing is dated and not working efficiently; the space doesn't fit current or future programs; or the building has served its useful life. Money outside of your operating budget is sparse and philanthropy is down. You lay awake at night worrying about what to do. ***The Seven Steps to Nonprofit Real Estate Stewardship*** walks you through a process that will result in effective decision making for your organization and the property.

Step 1— Know that a Solution is Possible

As nonprofits have evolved, so has the thinking about nonprofit facilities. Decisions made ten or twenty years ago don't typically serve your organization's vision for today and the future. Tough choices about where to allocate resources are made in service of the mission and not the real estate. Trust that options exist that will provide direction. Leadership is required so knowing what you don't know is an important first step.

Step 2— Act Quickly

Take action, the problem won't improve by doing nothing. Share honest concerns, the scope of the problem and transparent financials early and often with the senior team and executive committee of the board. Their feedback will inform future decisions.

Step 3 — Look at the Organization with Organization Eyes

Discuss immediately the impact of the building's condition on the organization with senior staff and members of the Board. Is the building determining program or are programs determining the building's use? Does the building support the strategic plan's goals? What is the building's affect on the operating budget? Is the building helping or hurting fundraising efforts? Assessing the real estate's impact on the organization is essential to developing an action plan.

Step 4— Look at the Real Estate with Real Estate Eyes

Facility challenges include the property's condition, space needs, location, the existing real estate market, valuation and current debt as well as the organization's capacity to fund repairs. A comprehensive analysis can include a physical needs assessment; review of the financial health of the property; grant and loan terms; the building's fit for the organization; potential equity in the property and cost of repairs or relocation. Now is the time to think Green. This information will inform decisions that will best serve your organization in the short and long term.

Step 5 — Engage the Board

Use the Board for counsel and decision making. Share information without delay. Develop a process for assessment, evaluation and planning. Real estate is a broad field. A troubled property requires an understanding of the nonprofit organization as well as the property and it is imperative that the Board considers both perspectives as decisions are made. Choose the right volunteer assistance; the wrong choice can lead you astray. People mean well, but their offer of discounted work may not be the best choice for your organization.

Step 6 — Think about Money and Available Resources

Worrying about costs and how to pay for them can become the focus. It is not uncommon to think first about a capital campaign. While there may be a future role for a capital campaign, it is wise to first look at the organization's financial readiness, required resources and urgency of the situation. Can the repairs, renovation or relocation be funded through operations or a loan issued by a Community Development Investment Fund such as the Mile High Community Loan Fund or Seedco Financial Denver? Is this an opportunity to expand fundraising capacity? Evaluate the financial feasibility of a variety of options. The correct choice will insure the financial health of your organization and its real estate.

Step 7 — Consider Stakeholders Your Friends

Engaging stakeholders is essential to your success in implementing a sustainable plan. This includes those internal to the organization as well as external stakeholders such as Foundations, lenders, the local municipality, public officials, vendors and donors. Transparency will strengthen existing and future relationships.

Stewardship of an organization's real estate requires leadership, knowledge, collaboration, flexibility and creativity. Working with the right team can enhance your organization's capacity and reputation helping to ensure that it will thrive long after the property challenge has been solved.

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