

# Nonprofit Displacement Mitigation Program



*Financial assistance was provided to support tenant improvements at  
Lutheran Social Services' new San Francisco location*

## Report to Budget & Finance Committee

March 16, 2016

# Overview



- May 2014 – in response to working group report, the \$4.515 million Nonprofit Displacement Mitigation Program (NDMP) was established as a three-year program
  - ✦ \$2 million – San Francisco Arts Commission
  - ✦ \$2.515 million – Mayor’s Office of Housing and Community Development
- Northern California Community Loan Fund (NCCLF) selected as intermediary with CAST and Urban Solutions as key partners

# Overview



- Early 2015 – first round of financial assistance grants awarded
- Late 2015 – second round of financial assistance grants awarded



*Ribbon cutting for new program space of Women's Audio Mission. NDMP provided TA & FA for building purchase and tenant improvements.*

# NDMP – Overall Impact



- **\$2.1 million in Financial Assistance grants awarded**
  - **35 organizations**
    - ✦ 12 Arts and Culture
    - ✦ 23 Social Service
- **Over 50 nonprofits received Technical Assistance**
- **40 organizations have secured leases**

# NDMP - Results of RFPs Rounds I & II



Type of Assistance	# of Applications	# of Nonprofits Served
Arts & Culture FA	16	12
Arts & Culture: TA	17	17
Social Service FA	25	23
Social Services: TA	35	35
<b>TOTALS</b>	<b>93</b>	<b>87</b>

# NDMP - Technical Assistance



- NCCLF provided workshops, one-on-one consultation, and additional TA
  - 17 arts and culture
  - 35 social service
- Workshop topics included:
  - Evaluating organizational, staff, board, and financial capacity
  - Financial planning
  - Identifying and evaluating potential sites
  - Building and space needs assessment
  - Facility planning
  - Property/asset management
  - Lease negotiation and purchase agreements
  - How to plan a multi-tenant center
  - Financing options
  - Preparing for a successful capital campaign
  - Construction budgets/renovation project management/project timelines
  - Back office space sharing and co-location

# NPMP - Program Modifications



- **Modified Lease Term Eligibility**
- **Additional opportunities for Technical & Financial Assistance**
- **Seed Grants (up to \$30,000)**

# NDMP Funding Summary



## Funds Budgeted

Category of Expenses	Arts & Culture Nonprofits	% of Allocation	Social Service Nonprofits	% of Allocation
Financial Assistance	\$1,200,000	60%	\$1,609,500	64%
Technical Assistance	\$524,710	26%	\$528,250	21%
Administration	\$275,290	14%	\$377,250	15%
<b>Total NPD Funds</b>	<b>\$2,000,000</b>	<b>100%</b>	<b>\$2,515,000</b>	<b>100%</b>

Round I arts and culture grants: **\$400,000**

Round II arts and culture grants: **\$503,753**

Round I social service grants: **\$566,797**

Round II social service grants: **\$698,108**



# NDMP Balances Remaining



	Arts & Culture Nonprofits	Social Service Nonprofits
Financial Assistance/Grants to Date	\$903,753	\$1,264,905
Total NDM Financial Assistance	\$1,200,000	\$1,609,500
Remaining Financial Assistance/Grants	<b>\$296,247</b>	<b>\$344,595</b>

	Arts & Culture Nonprofits	Social Service Nonprofits
Technical Assistance to Date	\$160,925	\$307,130
Total TA Budgeted	\$524,710	\$528,250
Remaining Technical Assistance	<b>\$363,785</b>	<b>\$221,120</b>

	Arts & Culture Nonprofits	Social Service Nonprofits
Administration to Date	\$103,078	\$167,667
Total Administration Budgeted	\$275,290	\$377,250
Remaining Administration	<b>\$172,212</b>	<b>\$209,583</b>

# NDMP - Case Studies



- **Technical Assistance Success Stories**
  - Roxie Theater
  - Tandem, Partners in Early Learning
- **Financial Assistance Success Stories**
  - Boxcar Theatre
  - Larkin Street Youth Center



# Recommendations from Working Group



- Technical Assistance
- Planning/Zoning/Developer/Incentives
- Identifying Available Space
- Direct Financial Assistance
- Public/private Partnerships

# Recommendations



## Technical Assistance

- OEWD nonprofit sector initiative launched including new nonprofit business point of contact
- Nonprofit Displacement Mitigation Program

## Direct Financial Assistance

- Nonprofit Displacement Mitigation Program

# Recommendations: Planning/Zoning/ Developer/Incentives



- Development Impact Fees
  - Central SoMa Nexus Study
  
- Community Benefit Agreements
  - 5M Agreement

# Recommendations: Identifying Available Space



- White paper commissioned to explore creation of real estate holding entity for social service organizations
  - Ability to purchase buildings and lease them to suitable nonprofit organizations
  - Can serve as master lease holder on multi-tenant properties and manage the space for subtenants
  - Can identify underutilized, below-market rental spaces and match them to social service uses and programming

# Recommendations: Identifying Available Space (cont.)



- Spaces within Existing Nonprofits
  - Ex: Bay Area Legal Aid leasing with the SF LGBT Community Center
- Spaces within Affordable Housing Development
  - Ex: Jamestown Community Center and Chinatown Community Development Corporation/Mission Economic Development Association
- OCII – Jessie Street Space RFP issued
  - Ex: At the Crossroads

# Recommendations: Public/Private Partnerships



- Foundations and Philanthropy
  - Partnered with Northern California Grantmakers, The San Francisco Foundation and numerous private foundations to support survey and report issued on March 9, 2016 on nonprofit displacement in Bay Area
  - Working group composed of philanthropy and local government to meet in April to determine next steps for philanthropy and government



# Private Partnership: Northern California Grantmakers



March 2016



**Status of Bay Area Nonprofit  
Space & Facilities**

Prepared by  
**harder+company**  
community research

# Survey: Status of Bay Area Nonprofit Space and Facilities

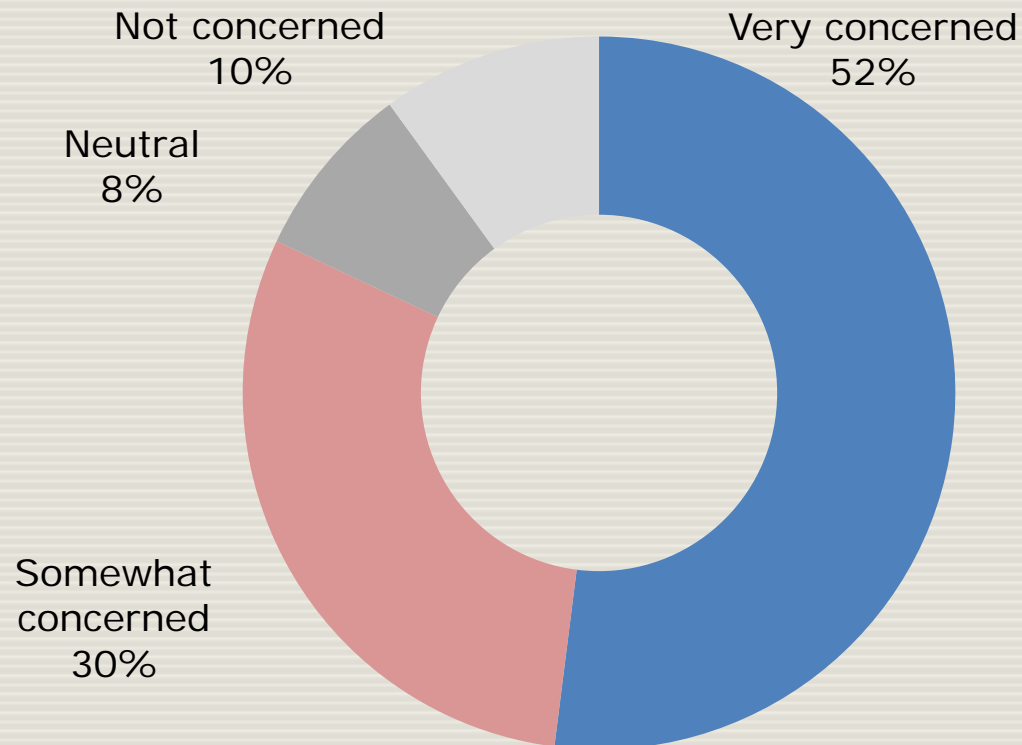


- Task force of public and private funders conducted survey in December 2015.
- 1683 nonprofit organizations in Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara Counties were sent the survey.
- 497 nonprofits responded. Together, they operate 846 unique locations in the Bay Area.

# Survey: Concerns for the Future



The vast majority of respondents are concerned about the real estate market's effect on their long-term financial sustainability.

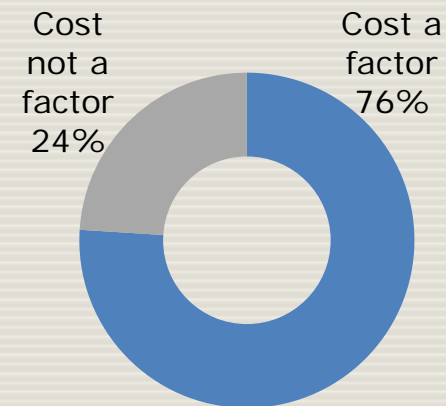
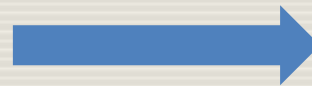
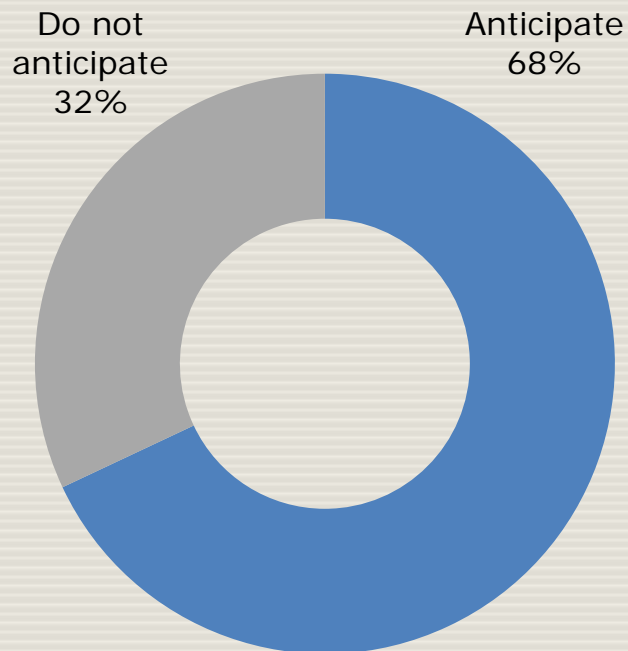


# Survey: Anticipated Relocations



About 2/3 of respondents anticipate that they may have to relocate in the next 5 years.

Of those who anticipate a relocation, most say cost would be a factor in their reason for moving.



# Survey: Anticipated Relocations



**Respondents with at least one location in San Francisco are more likely to have to make a decision about relocation.**

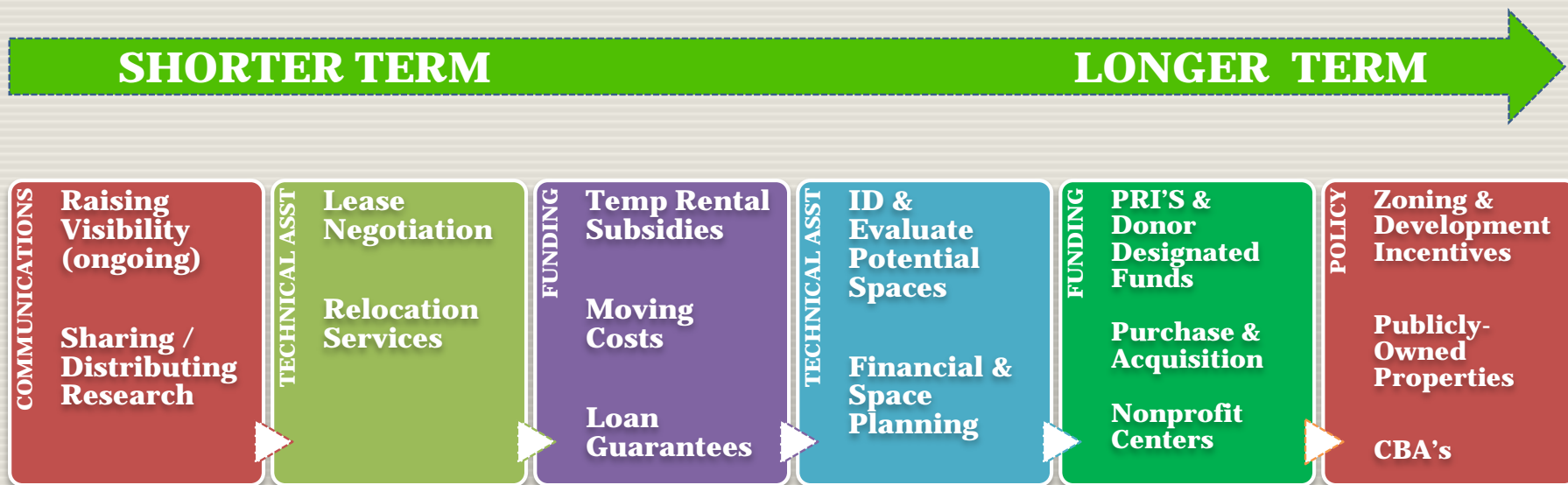
- **72%:** Has at least one location in SF
- **70%:** of locations will require a decision about relocation by the end of 2017

# Survey: Where do we go from here?



- Respondents have identified ownership of their spaces and working in spaces specifically dedicated to nonprofits as crucial to weathering the challenges of the Bay Area real estate market.
- Buying property, while difficult for many nonprofits, has provided stability to the respondents who were able to do so.
- Working in spaces dedicated to nonprofits has provided relief to some respondents.

# Survey: Where do we go from here?



# Next Steps



- April 2016 - First Round of Seed Grant Funding
- April 2016 – Philanthropy Working Group convenes
- Summer 2016 – NCCLF White Paper on Real Estate Holding Company issued
- September 2016 – Final Round for Financial Assistance



# Next Steps



- December 2016 – Possible creation of real estate holding entity for social service organizations.
- January – October 2017 – Final organizations accepted in Technical Assistance Program
- October 2017 – End of NCCLF Technical Assistance Program

Questions?