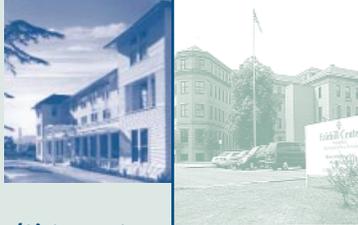


The NonprofitCenters Network



What is a Multi-tenant Nonprofit Center?

Multi-tenant Nonprofit Centers serve a diverse array of clients from youth activists and seniors, to environmentalists, people of color, and artists. They include historic facilities, green buildings and new construction. They are located in small rural towns, on reservation lands and in national parks, inner-city neighborhoods and major downtown centers. They house direct service, advocacy and community organizing agencies. As different as they might seem, they are all building a stronger, more effective nonprofit sector and helping to ensure vibrant, just communities.

Multi-tenant Nonprofit Centers share three basic features:

- They exist as a physical site (one or more buildings).
- They are composed of multiple (2 or more) primarily nonprofit tenant organizations. Often, they share space with retail, for profit offices or housing.
- They typically provide office space, rental rates and lease terms oriented to the nonprofit sector, and provide services, meeting space, and opportunities for collaboration and cost sharing.

WHY CREATE MULTI-TENANT NONPROFIT CENTERS?

ONGOING CHALLENGES FOR NONPROFIT ORGANIZATIONS

Fiscal Pressures: The sector faces declines in some key areas of funding support: foundations with shrinking endowments are greatly reducing payouts, corporate donors are cutting back financial support. As they serve a growing number of constituents, many nonprofits are finding that increases in expenses outpace gains in fundraising.

Unresponsive Commercial Real Estate Sector: Surveys of major cities show that less than 20% of nonprofits own their office space; these are predominantly large-scale health and educational institutions. The vast majority of nonprofit and community organizations are subject to the vagaries of the commercial real estate market.

Stability At Risk: With office space typically comprising as much as 20% of overhead costs - only personnel is higher - social change organizations are among the most likely to face the programmatic disruption and financial burden of being displaced. Nonprofits that work with low-income and people of color communities are particularly at risk.

Unmet Nonprofit Infrastructure Needs: Nonprofits increasingly need to upgrade not just their office space, but also the infrastructure that enables them to meet their mission. Nonprofits need up-to-date technology and well-equipped meeting and conference space.

EMERGING OPPORTUNITIES FOR NONPROFIT INFRASTRUCTURE

New Models of Community Development: Healthy communities require a mix of diverse stakeholders who contribute to local services and economic opportunities. City governments, community development corporations and private developers all increasingly recognize that nonprofit tenants are development catalysts, important employers, and community assets.

Calls for Organizational Effectiveness and Collaborative Practice: A new model of effective organizations has emerged, one that emphasizes resource sharing and collaborative practice. Multi-tenant Nonprofit Centers (MTNC) enable foundations and other donors to leverage their investments and help multiple grantees.

A Rise in Nonprofit Ventures: The social enterprise movement envisions nonprofit ventures as effective strategies for tapping into private capital from socially responsive investors and for generating income that can enhance nonprofit mission-delivery and long-term impact. For nonprofits, real estate can provide a stable financial asset; rentals can generate consistent revenues.

Sustainable Green Design: Cities and the real estate industry are increasingly embracing principles of green building design. Leading the way are nonprofit organizations seeking to incorporate their environmental and health missions into their physical workspaces and local communities.

I've had to move my offices four times in the last four years. How can I bring stability to the lives of the kids we serve – the very thing they need most – if I can't even create it for my staff or program?

– Executive Director of a California program for at-risk youth

STABILITY

Multi-tenant Nonprofit Centers (MTNC) provide nonprofit organizations with a cushion against the capricious nature of the investment and real estate markets. Nonprofit ownership and control of program and office space helps ensure the long-term stability of this vital social sector.

AFFORDABILITY

MTNCs facilitate economic efficiency and cost sharing. Collaboration on facility needs and back office infrastructure can produce great financial savings as well as improved program facilities and enhanced technology infrastructure.

MISSION ENHANCEMENT

MTNCs support cross-organizational collaboration and synergy. By bringing nonprofits together under one roof, staff can develop relationships, share office support services, and develop multi-stakeholder initiatives with greater ease.

COMMUNITY RESOURCES

Community meeting, performance and open green spaces offer a chance to recapture a community "commons." Through joint training, public outreach and education, daycare and other critical services, MTNCs offer a wealth of opportunities that support people and build communities.

Multiple Impacts

Multi-tenant Nonprofit Centers achieve benefits for organizations, for the nonprofit sector, for local communities



The Community Service Building in Wilmington provides office facilities to Delaware nonprofits as well as conference space, a collaborative nonprofit resource library, and a community art gallery. Its innovative approach to energy-saving garnered the facility recognition as a US Government Energy Star Building in 2003. Since it opened in 1997, its 78 nonprofit tenants have paid approximately one-half commercial market rents.

The Thoreau Center for Sustainability has won numerous awards for its visionary integration of sustainable environmental design and historic renovation in the Letterman Hospital in San Francisco's Presidio National Park. At the height of the city's dot com boom, its 45 social change nonprofit tenants enjoyed stable, affordable rents. Moreover, the Center's tenants also attribute increases in foundation and private donor giving to the awareness of their work generated by its prominent location.



For over 40 years, The Interchurch Center has provided office and conference space to 80+ religious and educational nonprofits - at nearly 75% below Manhattan commercial rents. The Center, a 19-story building, recently revamped an outdated meeting room into a flexible, state-of-the-art community training space. Partnering with a technology nonprofit housed in the building, the Center provides low cost internet and software training to its tenants.

www.nonprofitcenters.org



The NEW Center in Ann Arbor, Michigan, is built on the site of a reclaimed junkyard. A local foundation, area businesses, and community groups all joined forces to remediate the land and design and construct a new community facility. Today, visitors entering Ann Arbor now see this attractive center, which is home to 19 nonprofit organizations that benefit from many shared amenities.

The Ashe County Partnership for Children runs a collective multi-tenant center in West Jefferson, North Carolina. Facing the recent recession, their nonprofit tenants came together to analyze the county's economic situation and identified the need for job training. The result? The Center added for profit tenants who offer apprenticeships to clients served by the nonprofit tenants.



Cleveland, Ohio's Fairhill Center connects "people, choices and organizations to foster successful aging." The Center, a renovation of a historic site, houses dozens of nonprofit agencies, including an intergenerational school, offers computer instruction to seniors, and facilitates intergenerational programs staffed largely by seniors. An onsite café employs visually impaired persons.

VISIBILITY

A high quality space and prominent location increases the visibility of the nonprofit sector and helps garner public recognition and support.

REINVESTMENT IN THE NONPROFIT SECTOR

Most nonprofit rent dollars go into the for profit real estate market. With nonprofit-created facilities, nonprofits spend their (affordable) rent dollars to create long-term assets and much-needed community resources.

ECONOMIC DEVELOPMENT

MTNCs also create hubs of economic activity: office workers are local consumers; residents and clients receive training, services and support. Some facilities create jobs; others have catalyzed new investment and serve as centers for neighborhood revitalization.

NATIONAL INNOVATION

Among the new standards modeled by MTNCs are green design, reclamation and reuse of historic landmarks, universal access for all regardless of physical ability, and one-stop coordinated client services.

Why Nonprofit Real Estate

Almost every nonprofit organization with more than one staff person needs space to operate and spends rent dollars to secure it. This money most often goes into the for-profit real estate market. The concept behind MTNCs is that by spending their (affordable) rent dollars to pay the costs of a facility created by and for nonprofits, resources are leveraged to increase capacity in the nonprofit sector. One time program investments end up benefiting multiple organizations and supporting their programming for the long term. And because of the variety in financing and ownership structures, MTNCs are uniquely poised to maximize a broad range of acquisition, financing and fundraising tools.

The NonprofitCenters Network Survey

The NonprofitCenters Network's first ever survey provided detailed information on development processes, management systems, shared services and impacts. The evidence is clear: hundreds of MTNCs provide cost-savings, programmatic efficiencies, and valuable infrastructure and community resources.

Findings include:

- The smallest MTNC we surveyed houses two organizations; the largest 85.
- These Centers alone house an estimated 550 nonprofit organizations and community groups and serve thousands of other clients and constituents.
- Half have policies to keep rents lower than market. Rents are lower by 33% on average, but can be as much as 75% lower. Those reporting no difference in rent are all situated in non-urban areas and are hubs of important services regionally.
- Nearly 100% offer services not typically included in commercial rent, such as free meeting space, high-speed internet, and parking. Three-quarters have a programmatic focus, including arts, coordinated family services, and economic development and job creation.
- Seven have renovated historic buildings, five have adopted 'green' building practices, and eight 'incubate' new nonprofits by providing space and/or management support.
- Client referrals, buying co-ops, joint-fundraising, monthly newsletters, a co-operative food service, co-sponsored community and staff training are just a few examples of collaborative practices that are generating cost-savings, revenue, awareness and improved service delivery.

Is there a demand for space in these Centers?

Nearly 80% have full occupancy, and half of these have waiting lists.

The NonprofitCenters Network

The NonprofitCenters Network is a community of Multi-tenant Nonprofit Centers and their philanthropic, government, academic and real estate partners. Through education, networking, shared learning, research and outreach, The Network supports the creation and operation of quality nonprofit office and program space.

For more information or to join visit our website at www.nonprofitcenters.org



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