

SAN FRANCISCO NONPROFIT SPACE STABILIZATION PROGRAM

FINANCIAL ASSISTANCE PROGRAM GUIDELINES

February 2017

The Northern California Community Loan Fund (NCCLF) announces the availability of technical and financial assistance to stabilize the real estate of San Francisco nonprofits. **Applications must be received by 5:00 PM, MARCH 28, 2017 to be considered for the Round 1 2017 Financial Assistance awards.**

Launched in 2015 by Mayor Lee, the Nonprofit Sustainability Initiative (NSI) is funded by the Office of Economic and Workforce Development (OEWD), implemented in partnership with the Mayor's Office of Housing and Community Development, the San Francisco Arts Commission and other key partners, and administered by NCCLF. The underlying objective of the NSI is to ensure access to quality of life resources as well as education, health and human services for residents of San Francisco. In addition, it is intended to support and stabilize nonprofit businesses, which are a vital economic force in San Francisco, by helping them activate underutilized space, evaluate real estate opportunities and secure permanent affordable space.

The Nonprofit Space Stabilization Program (NSSP), a program of the Nonprofit Sustainability Initiative (NSI), has been allocated \$1.455 million over two years for technical and financial assistance to support nonprofits adversely impacted by the real estate market. Financial assistance is available to organizations that are facing permanent displacement¹, or have been previously displaced with lease renewals at significantly higher rates, or are facing barriers to growth due to real estate constraints. Organizations expanding into new sites may be eligible to apply. Financial assistance may be used for professional services (architectural, engineering, legal); rent stipend²; moving expenses; tenant improvements³; and furnishings, fixtures, and equipment. In Fiscal Year 2016 – 17, \$500,000 in grant funding will be available.

Priority will be given to nonprofit organizations that:

- Are deeply rooted in low-income and historically underserved community(ies)⁴ in San Francisco,
- Are facing significant financial constraints⁵ within the nonprofit sector but have secured recent public or philanthropic investment,
- Can demonstrate support for their efforts from multiple sectors,

¹ "Nonprofits facing permanent displacement" occurs, when leases held by nonprofits are terminated, not renewed, or offered at market rate lease pricing, which is substantially more than what their current rent has been. Nonprofits that may be temporarily displaced due to building renovations and have a right to return at their current/affordable lease rate are ineligible to apply.

² Rent stipends of up to six months are available to pay the difference between an organization's prior and current rent. The stipend is only available to organizations that were previously displaced and have renewed or signed a new lease since January 1, 2016.

³ "Tenant improvements" are customized alterations made to the property for the specific needs of the tenant. These include walls, floors, ceilings, and lighting, among others. Tenant improvements tend to be fixed to the property and tenant cannot remove them when vacating the premises.

⁴ Using both the Cultural Equity Endowment Legislation and the Grantmakers in the Arts "Racial Equity: Statement of Purpose," historically underserved communities include: African, Latino(a), Asian, Arab, Native American, Pacific Islander, LGBTQ, People with Disabilities, and Women. Using the Community Development Block Grant eligibility guidelines, a low- and moderate-income person as a member of a family that has an income equal to or less than the Section 8 low-income limit established by HUD. Organizations that exclusively serve the following groups, presumed to be low-income, may also qualify: Abused Children, Elderly Persons, Battered Spouses, Homeless Persons, Severely Disabled Adults as defined by the Census Bureau, Illiterate Persons, Persons living with AIDS, and Migrant Farm Workers. HUD income limits are available at: <https://www.huduser.gov/portal/datasets/il.html>

⁵ Business models that constrain organizations ability to generate unrestricted operating revenue.

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- Clearly identifies how new clients and/or audiences will be acquired and existing beneficiaries served effectively by the proposed space including administrative or office space, and
- Can demonstrate evidence of planning to identify and mitigate financial risk⁶.

Grants will be made on a competitive basis based on the overall program priorities described above and the particular program criteria outlined below. Applications will be reviewed by a selection committee comprised of public and private sector leaders in the arts, social services, and philanthropy. We advise you to consider carefully and be realistic in your request amount to this initiative. The selection committee reserves the right to make exceptions to grant award amounts.

Timeline

The anticipated schedule for awarding Round 1 grants is as follows:

Application Workshops	2:00 P.M. 03/02/2017 and 4:30 P.M. 03/07/17
Last Day for Submitting Questions	12:00 P.M. 03/23/2017
Applications Due	5:00 P.M. 03/28/2017
Awards Announced	05/22/2017
Grant Disbursement Deadline	06/15/2018

Program Eligibility Requirements

- 1) In order to be eligible for financial assistance, the applicant or sponsoring agency must meet all of the following criteria:
 - a) Be facing permanent displacement, or barriers to growth due to real estate constraints, or have been displaced and relocated, renewed leases at substantially higher rates, or expanded into a new site since January 1, 2016.
 - b) Be incorporated and in good standing as a Section 501(c)(3) corporation or a fiscally sponsored project of a tax-exempt corporation that is operating for purposes consistent with Section 501(c)(3) status.
 - c) Demonstrate financial accountability by submitting the organization’s audit or IRS Form 990 for the most recent three fiscal years (if unavailable, balance sheet and income statement), budget for the current year, and year-to-date income statement and balance sheet. Arts and Cultural organizations may submit financial data from DataArts (formerly Cultural Data Project).
 - i) City contractors participating in the City’s joint monitoring process must submit copies of their Fiscal and Compliance Monitoring Reports for the past three years.
 - d) Demonstrate financial stability (except for the impact of the real estate market forces) for the previous three consecutive years as reflected by the absence of any significant unplanned operating deficit, a positive fund balance and/or a meaningful cash reserve.
 - e) The property must be located in San Francisco County.

⁶ These documents can include: multi-year operating projections that include contributions to an operating reserve, Executive Director succession plan, Board approved governance policies, and a strategic plan.

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- f) Have an established track record of working with, presenting to and/or offering programs to members of low-income and historically underserved community(ies) in the City and County of San Francisco for at least the past 3 years. Organizations will be asked to provide:
 - i) Evidence that the organization's mission and/or programs clearly identify and prioritize low-income and historically underserved community(ies).
 - ii) Documentation that the organization has a mechanism for program beneficiaries to provide input that informs the organization's governance.
 - iii) Description of beneficiaries (clients, audiences, participants)
 - g) List of clients and neighborhoods served annually. Clients served should include direct (or primary) and indirect (or secondary) clients. Direct clients receive the bulk of services or resources. Indirect clients receive minor services or are impacted through the ripple effect of the organization's work.
 - h) Provide a clear plan for community engagement to retain and/or recruit new participants as needed due to relocation
 - i) Provide evidence or documentation of community partnerships and collaborations across multiple sectors (public/private partnerships, strong volunteer base, diverse revenue sources, use of pro bono resources). Letters of support are not considered sufficient documentation of a partnership.
- 2) In order to be eligible for **financial assistance grants**, the project for which funding is requested must meet all of the following criteria:
- a) Organizations must have been adversely impacted by the real estate market and must provide evidence of site control.
 - i). Evidence of site control includes a fully executed Letter of Intent with lease terms, lease, or an accepted purchase offer.
 - b) Demonstrate how the proposed project will contribute to improved financial and programmatic performance. The organization should address the urgency/need for the proposed relocation, lease renewal, or expansion.
 - c) Provide evidence of lease terms for a minimum of 3 years with awards available for the following expenses:
 - i). Organizations with leases for 3-4 years may apply for grants up to \$50,000 for professional services (architectural, engineering, legal); rent stipend⁷; moving expenses; or furnishings, fixtures, and equipment. Tenant improvements are ineligible.

⁷ Rent stipends are only applicable to organizations that were previously displaced and have renewed or signed a new lease. The rent stipend can only cover the gap related to displaced square feet.

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- ii). Organizations with leases for five or more years may apply for grants up to \$75,000 for professional services (architectural, engineering, legal); rent stipend; moving expenses; tenant improvements; and furnishings, fixtures, and equipment.
- iii). The Selection Committee reserves the right to make exceptions to these amounts, and it is anticipated most awards will be less than this amount.
- d) Provide required documentation for grant requests including:
 - i). Rent Stipend: Organizations who have signed a new lease or renewed their leases at a significantly higher rate since January 1, 2016 may apply for up to six months of a rent stipend to pay the difference between their prior and current rent. Organizations must provide a three-year financial plan indicating how the stipend will enable them to pay this higher rent into the future. The financial plan should demonstrate or provide a plan for achieving operating feasibility over the three-year period.
 - ii). Expense Reimbursement: Organizations who have been displaced or expanded since December 31, 2015 must submit documentation of the expenses for which they are requesting reimbursement (see Section C above for eligible expenses).
- e) Organizations who were displaced must submit documentation showing lease termination and a new lease at a significantly higher rate.
- f) Organizations must demonstrate a high degree of project readiness, including identified funding sources (that do not have to be fully committed), a preliminary budget, and identified project team (as applicable) and a proposed operating budget for the new facility. Project timeline must demonstrate that all grant funds will be disbursed by June 15, 2018.
- g) Funds used for capital projects must follow the City's prevailing wage and contract bidding requirements (NCCLF can provide assistance to ensure compliance).
- h) If co-location is a goal of the project, a list of potential partners/stakeholders⁸. Applicants will also be asked to address how co-location meets any or all of the following goals:
 - i). Below market or stabilized rents.
 - ii). Reduced cost and/or higher quality shared services & amenities.
 - iii). A level of intentional collaboration between organizations.
 - iv). Centralized services or program offerings.
- i) Organizations that have received Seed and Round 3 grants from the Nonprofit Displacement Mitigation Program (NPDMP) are eligible to apply for FA from NSSP. The amount they apply for must be no more than the difference of their request in the NPDMP and their award.

⁸ Applicants will need to provide Letters of Intent for 60% of the leasable square footage.

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- j) The proposed project does not result in a decline in employees or program activity within San Francisco.

Review Criteria

- 1) Applications for Financial Assistance will be evaluated on the following basis:
 - a) Length of lease term and options
 - b) Priority will be given to organizations and projects that align with the five program priorities:
 - i) Are deeply rooted in low-income and historically underserved community(ies)⁹ in San Francisco,
 - ii) Are facing significant financial constraints¹⁰ within the nonprofit sector but have secured recent public or philanthropic investment,
 - iii) Can demonstrate support for their efforts from multiple sectors,
 - iv) Clearly identifies how new clients and/or audiences will be acquired and existing beneficiaries served effectively by the proposed space including administrative or office space, and
 - v) Can demonstrate evidence of planning to identify and mitigate financial risk¹¹.
 - c) The extent to which the project will address an urgent need:
 - i) Most Urgent: Organizations that need to immediately relocate or renew a lease to avoid displacement or need to immediately secure additional space to accommodate growing staff or clients.
 - ii) Urgent: Organizations that need to immediately relocate, renew a lease, or secure new space but are financially stable and have no growth in staff or clients.
 - iii) Important but Less Urgent: Organizations that have no immediate relocation needs or staff/program growth but would like to secure better lease terms or more space.
 - d) The applicant can demonstrate that it has the organizational capacity to successfully complete the project and meet the budget and timeline goals.

⁹ Using both the Cultural Equity Endowment Legislation and the Grantmakers in the Arts “Racial Equity: Statement of Purpose,” historically underserved communities include: African, Latino(a), Asian, Arab, Native American, Pacific Islander, LGBTQ, People with Disabilities, and Women. Using the Community Development Block Grant eligibility guidelines, a low- and moderate-income person as a member of a family that has an income equal to or less than the Section 8 low-income limit established by HUD. Organizations that exclusively serve the following groups, presumed to be low-income, may also qualify: Abused Children, Elderly Persons, Battered Spouses, Homeless Persons, Severely Disabled Adults as defined by the Census Bureau, Illiterate Persons, Persons living with AIDS, and Migrant Farm Workers. HUD income limits are available at: <https://www.huduser.gov/portal/datasets/il.html>

¹⁰ Business models that constrain organizations ability to generate unrestricted operating revenue.

¹¹ These documents can include: multi-year operating projections that include contributions to an operating reserve, Executive Director succession plan, Board approved governance polices, and a strategic plan.

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- e) If the applicant will offer co-location opportunities, the extent to which sub-leasing improves the financial performance of the applicant, increases access to long-term affordable space for other community benefit organizations, or improves programmatic efficiencies/collaboration.

Grant Fund Policies

- 1) Only one financial assistance grant may be awarded per project/organization for the duration of this program.
- 2) Grant conditions must be met and the grant must be closed and expended by June 15, 2018. Grantees may apply for extensions.
- 3) Grant funds will be disbursed on a reimbursement basis. Grantees must provide receipts/paid invoices to request grant funds.
- 4) Grant terms and conditions will be determined on a case-by-case basis by the Selection Committee. In the event of non-compliance, the Selection Committee will also outline and decide on appropriate remedies with the understanding that recovery of the grant is a potential remedy.
- 5) Grant funds may not be used for any of the following:
 - a) Ongoing mortgage payments
 - b) More than six months of a rental stipend (difference between prior and current rent for displaced square feet)
 - c) Staff salaries
 - d) Expenses due to temporary displacement
- 6) Organizations that may be temporarily displaced, due to building renovations and have the right to return at their current/affordable lease rate are ineligible to apply.
- 7) Financial assistance award disbursements are contingent on a legally binding lease agreement or purchase and sale agreement.

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Applications are available at:

WEB LINK

Applications must be received by Tuesday, March 28, 2017 at 5:00 PM to be considered for the 2017 Nonprofit Space Stabilization awards.

For more information, please contact:
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