

Nonprofits At Risk:
**The Space and Occupancy Crisis Facing
San Francisco's Nonprofit Community**

October, 2000

A study commissioned by

Charles Schwab Corporation Foundation

Community Design Center

Evelyn & Walter Haas, Jr. Fund

San Francisco Mayor's Office of Community Development

San Francisco Mayor's Office of Economic Development

San Francisco Department of Children, Youth and their Families

San Francisco Redevelopment Agency

San Francisco Mayor's Office of Housing

The Richard & Rhoda Goldman Fund

The San Francisco Foundation

The San Francisco Partnership

United Way of the Bay Area

Research by

CompassPoint Nonprofit Services Ó

Jeanne Peters, Mike Allison, Cristina Chan, Anushka

CompassPoint
NONPROFIT SERVICES

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Finally, we thank the hundreds of nonprofit representatives who took the time to complete our survey, attended our neighborhood focus groups, gave interviews, or were the subject of one of our six case stories. We are grateful to Ark of Refuge, Asian Women's Center, Bayview Hunter's Point Foundation, and Mission Neighborhood Centers for graciously hosting our neighborhood focus groups. And, as case story subjects, Wanda Blake of Black Coalition on AIDS, Irma Herrera of Equal Rights Advocates, Bill Musick of Maitri AIDS Hospice, Maryann Fleming of Portola Family Connections, Chana Kennedy of Visitacion Valley Community Beacon, and Teresa Mejia of the Women's Building, all gave generously of their time to help us capture in words and photographs their unique organizations and space circumstances.

Jeanne Peters
Principal Investigator
CompassPoint Nonprofit Services

Executive Summary

San Francisco's estimated 1,800 nonprofit organizations using commercial operating space are vital contributors to the safety net and the quality of life in San Francisco's varied communities: they care for the sick and the aged, nurture the young, safeguard our water, discover new medicines, keep neighborhoods safe, organize against world hunger, demand justice, and bring beauty to the eye and music to the ear. They are important economic players as well—as employers, as attractions for visitors, as importers of state and national funds, and as purchasers of goods and services. San Francisco's nonprofits are an important component of the City's prosperity, desirability, and sense of community.

Rapidly escalating real estate costs and competition for space has resulted in a crisis of affordability and availability for San Francisco's nonprofits. Concern over the impact of space availability on *nonprofits*—and therefore on San Francisco residents and neighborhoods—led a group of civic institutions to commission this study and identify strategies for effective response. This group includes the Richard & Rhoda Goldman Fund, the Charles Schwab Corporation Foundation, the Evelyn & Walter Haas, Jr. Fund, the San Francisco Partnership, the San Francisco Mayor's Office of Community Development, the San Francisco Mayor's Office of Economic Development, the San Francisco Department of Children, Youth and their Families, the San Francisco Redevelopment Agency, the Mayor's Office of Housing, the Community Design Center, and the San Francisco Foundation. The group commissioned the study to CompassPoint Nonprofit Services, and simultaneously worked closely with a parallel effort by the San Francisco Arts Commission, Grants for the Arts, and the William and Flora Hewlett Foundation that focuses on performance, rehearsal and exhibition space for the arts. The research components for this study—which looks at nonprofits in all subsectors—includes analysis of 301 written surveys, five focus groups, 15 key informant interviews, and six case stories.

Six key findings from the study:

- **Nonprofits are significant economic players in San Francisco— the study's 301 respondents utilize more than 2,000,000 square feet of program and administrative space and spend half a billion dollars annually.**
- **Fortunately, 38% of total nonprofit square footage is protected from market forces through nonprofit ownership.**

- **Most nonprofits are currently renting or leasing space at far below rapidly rising market rates, dedicating an average of only 7% of their annual expenditures to occupancy costs, and paying just \$10-13 per square foot annually.**
- **Fifty-eight percent (58%) of sites rented and leased by non-profits are at risk *within the next 15 months*. These at-risk sites are mostly leased by smaller non-profits and represent only 20% of all non-profit occupied space.**
- **As current leases expire over the next three years, nonprofits occupancy costs may jump to market rates, significantly increasing the risk of agency operating deficits, service cuts, and in some cases, closure.**
- **65% of research institutions, policy think tanks, environmental protection groups and other non-direct service non-profits are leaving or considering leaving San Francisco in the next three years.**

On space utilization and risk

- Location is a critical component to success for many nonprofits. Many nonprofits must be near to the frail, low-income, children and/or families. Others need suitable locations near entertainment or tourist concentrations; some must be accessible to volunteers, board members, and donors.
- Nonprofit organizations are at their highest concentration in three San Francisco neighborhoods where rents are increasing the most rapidly and vacancies are the lowest: Downtown (22% of respondents), in South of Market (16%) and in the Mission (13%).
- Most nonprofits that have operating space work from a single location (80%), although 20% have two or more sites.
- The vast majority of nonprofits (87%) rent or lease space; 13% own space (some of those who own also rent). Of rented and leased sites, 19% are rented month-to-month and 13% are under leases that will expire before the end of 2000; 26% have lease expirations in 2001; 14% have lease expirations in 2002, and 28% have lease expirations in 2003 or later. In short, 58% of rented/leased sites are potentially at risk within the next 15 months, and 72% are potentially at risk by the end of 2002.

- San Francisco's most vulnerable residents may suffer further if their assistance is disrupted due to nonprofit dislocation. Fifty-six percent of direct service providers may have to leave part or all of their space within three years. 78% of these non-profits provide services to low income residents, 60% provide services to teens, 50% to children, 40% to seniors, 40% to the disabled, 42% to the homeless, and 35% to individuals with HIV/AIDS.

On reactions to potential strategies

- Nonprofits were most enthusiastic about co-locating with other nonprofits in neighborhood-based buildings -- 70% indicating interest in joining such an effort.
- Nonprofits were also keenly interested in policy-based approaches, such as set-asides for nonprofits in commercial development projects and creating nonprofit "enterprise zones."
- Nonprofits also expressed need for low-interest loan capital and for technical assistance on raising funds and purchasing buildings.

Conclusions

- Because of the scope and complexity of this issue, a meaningful response requires a host of well-conceived and coordinated efforts rather than a single strategy.
- While a great amount of nonprofit space is ultimately at risk, current leases are not expiring all at once. As groups of nonprofits face lease expiration at different periods over the coming three years, both short and long-term solutions are appropriate.
- Finally, this research represents an unprecedented level of participation and cohesion among grant makers from across the spectrum of government, corporate, and philanthropic communities.

1. Introduction and Background to the Study

Nonprofit organizations are not only vital contributors to the quality of life in San Francisco's varied communities, they are important economic players as revenue generators, as employers, and as participants in San Francisco's economic life. San Francisco is a national leader in utilizing nonprofits as partners in the delivery of health and human services, in recycling, in recreation, in safety net services, and in the arts.

In these last months—the first of the 21st century—San Francisco was beset by a desirability that other cities can only envy. In addition to its appealing climate, natural beauty and vibrant communities, San Francisco is well known for its diverse and exciting cultural life, its compassion for the under-privileged, and its leadership in social and environmental concerns of all types. Most recently, San Francisco's attractions have grown to include its place as the “most wanted” location for the new, Internet companies and their young, educated, energetic workforce.

The large amount of capital available to these emerging companies has given the real estate market in San Francisco an unprecedented jolt. As Bill O'Connor, Executive Director of the San Francisco Internet Epicenter, wrote recently, “This lack of price-sensitivity on the part of Internet entrepreneurs has had a predictable result. Commercial rents in San Francisco have reached staggering heights, with prices of \$60-80 per square foot becoming commonplace.”¹

One result is that nonprofits are put at risk by the rapidly rising cost and plummeting availability of appropriate space. Some nonprofits—such as the headquarters of national organizations—are moving out of the City, taking their services, their earning power, and their jobs elsewhere. Others are moving further away from the constituencies they serve, and creating obstacles for those in the greatest need. Still other nonprofits are constraining their growth—and the increased community services it would represent—because finding additional affordable space is prohibitive.

The development of an effective policy approach and action plan appropriately begins with an assessment of space needs among San Francisco nonprofits. This study was commissioned by a group of funders and policymakers that came together through a series of meetings convened by the Mayor's Office of Community Development beginning in January, 2000. The purpose of the meetings were two-fold: to share information about how escalating rents and scarce vacancies are jeopardizing the stability and viability of nonprofits (based on a smaller-scale 1999 survey of MOCD-

¹ O'Connor, Bill, “The Grand DotComedy,” SPUR Newsletter, No. 386, p. 15.

funded agencies), and to rally support for addressing the loss of affordable space for nonprofits. This group—the Partnership for Affordable Non-Profit Space (PANS) includes:

Charles Schwab Corporate Foundation
Community Design Center
Department of Children Youth and Families
Evelyn & Walter Haas Jr. Fund
Grants for the Arts
Mayor's Office of Community Development
Mayor's Office of Economic Development
Non-Profit Finance Fund
Northern California Community Loan Fund
Northern California Grantmakers
Richard & Rhoda Goldman Fund
San Francisco Arts Commission
San Francisco Foundation
San Francisco Partnership
San Francisco Redevelopment Agency
United Way
William and Flora Hewlett Foundation

The group contracted with the Community Design Center to serve as the fiscal agent for the research project. PANS selected CompassPoint Nonprofit Services in a competitive RFP to conduct the research. The objectives of the project were:

- To explore the scope and nature of current space utilization by San Francisco nonprofits
- To anticipate the extent of an operating space “crisis” the San Francisco nonprofit sector faces in the next three years
- To understand the potential social/cultural implications of nonprofit displacement
- To bring the issue to the attention of leaders in nonprofits, philanthropy, government, and policy-making bodies
- To provide research that can provide a common base of knowledge in analysis of alternative strategies and approaches, and
- To surface possible strategies for addressing space needs, and the advantages, drawbacks, and key considerations for various strategies

The study was conducted during the summer of 2000, and this report was released on October 3, 2000.

2. Research Design

The study's design was developed collaboratively by PANS and CompassPoint Nonprofit Services, with particular leadership from Marie Jones, Director of Economic Development at the San Francisco Partnership.

Because of the complexity of nonprofit space use and risk, multiple methods were employed to triangulate the issue, ensuring inclusion of multiple perspectives and experiences. The research is built on four key components: a written survey of San Francisco nonprofits, focus groups held in neighborhoods, key informant interviews, and case studies. The components allow for *quantitative* analysis of factors such as square footage used and monthly occupancy expenses, and a *qualitative* understanding of nonprofit space usage, client proximity concerns, and responses to suggested strategies.

- **Population:** The study concerns itself with nonprofit, tax-exempt, 501(c)(3) organizations. The study excluded hospitals, universities, and colleges, and focuses largely on nonprofits with annual expenditures between \$100,000 and \$5 million—the groups most likely to be renting/leasing commercial space and to be at-risk for displacement.
- **Survey:** The survey instrument was widely distributed to San Francisco nonprofits through three channels—US mail, fax, and email—and could be completed and returned via US mail, fax, or through a Web-based form. The availability of the Web-based form was publicized through the online newsletter *Food for Thought*, through the home page of CompassPoint Nonprofit Services, and on the hardcopy of the mailed survey form. One thousand seven hundred and seventy (1,770) surveys were successfully mailed to organizations in CompassPoint's database of active nonprofits. A total of 322 surveys were returned, and 301 valid surveys were used in the analysis.²
- **Focus groups:** Focus groups of nonprofit executive and program directors were held in Bayview/Hunters Point, Chinatown, Mid-Market/Tenderloin, the Mission, and South of Market (SOMA).³ These neighborhoods have large numbers of nonprofits and many residents that receive nonprofit services. Each focus group was hosted by a nonprofit within the neighborhood.

² Invalid surveys included instances of multiple surveys submitted by the same nonprofit, surveys returned by nonprofits in cities other than San Francisco, and surveys that were returned insufficiently complete.

³ Melanie Hurley, "Securing a Safe Haven: Facilities Strategies for San Francisco's Nonprofits."

<u>Neighborhood</u>	<u># Participants</u>	<u>Hosting Nonprofit</u>
Bayview/Hunters Point	6	Bayview Hunters Point Foundation
Chinatown	12	Asian Women's Resource Center
Mid-Market/Tenderloin	7	Ark of Refuge
Mission	11	Mission Neighborhood Center
South of Market (SOMA)	10	CompassPoint Nonprofit Services
Total	46	

Each focus group was tape recorded and facilitated by members of the research team. The focus group question protocol is Appendix C.

- **Case Stories:** Case stories were written about six San Francisco nonprofits. The studies afforded a closer, more enriched exploration of the variety of nonprofit occupancy experiences and circumstances, as well as nonprofit responses including co-location, purchasing property, and the decision to leave San Francisco.

- **Interviews:** The researchers conducted interviews with the following individuals who are—from a host of perspectives—involved with the issue of nonprofit space use in San Francisco.

- Wanda Blake, Black Coalition on AIDS
- Eric Bright, Cultural Facilities Fund
- Jim Chapell, SPUR
- Gordon Chin, Chinatown Community Development Corporation
- Chuck Greene, Richard & Rhoda Goldman Fund
- Irma Herrera, Equal Rights Advocates
- Marie Jones, San Francisco Partnership
- Chana Kennedy, Visitacion Valley Beacon Center
- Teresa Mejia, San Francisco Women's Centers
- Bill Musick, Maitri AIDS Hospice
- Gavin Newsom, San Francisco Board of Supervisors
- Noni Ramos, Low Income Housing Fund
- Carol Ting, Cultural Facilities Fund
- Debra Walker, Coalition for Jobs, Arts & Housing, Building Inspection Commissioner
- Tim Wolfred, CompassPoint Nonprofit Services (formerly of Maitri AIDS Hospice)

HOW INDICATIVE IS THE STUDY'S SAMPLE?

Research on San Francisco nonprofits poses unique challenges because of the lack of definitive, up-to-date information on the sector. IRS data tells us that there are more than 4,500 registered 501(c)(3) charitable organizations in the City, with fully half of these groups reporting annual operating expenses of less than \$25,000 (see Table 1, page 11). However, the currency and quality of IRS Form 990 data is widely questioned within the field and it correlates relatively poorly with the database maintained by the California State Registrar of Charitable Trusts. So while we do not have a definitive number, a topic such as use of commercial space is likely relevant for some 1800 local nonprofits with sufficient resources to rent/lease their own space to operate. Using this framework, this study's 301 respondents, represent between about 20% of the target population.

Because respondents to the written survey were self-selected, the risk of overstating the extent of an operating space crisis among San Francisco nonprofits was inherent in the design and timing of the research. Those agencies facing displacement were potentially more likely to elect to respond to the survey.

To test the reliability of the responses, CompassPoint drew a random sample of 24 agencies from among those that did *not* return a written survey, and conducted telephone interviews on test questions with all 24. This group reported responses that were very similar to the group of 301 respondents with respect to their current space circumstances. Rates of space ownership, immediacy of lease expiration, and imminent market rate corrections in occupancy costs were acceptably consistent. The researchers therefore have a high degree of confidence that this study's findings fairly portray the nature of nonprofit space utilization in San Francisco and the significant challenges presented to many nonprofits by the City's escalating real estate market.

3. The Context: San Francisco’s Varied and Vibrant Nonprofit Sector

To understand the space needs of San Francisco’s nonprofits, and to analyze alternative strategies responding to widespread displacement, it is important first to consider the overall landscape of the San Francisco nonprofit sector. The essential descriptive information provided by this study’s 301 respondents—their annual expenditures, how many people they employ—provides valuable insight into the largely unmeasured and often invisible nature of nonprofit activity in San Francisco.

Although various sources report different numbers, an accepted estimate for the total number of registered 501(c) 3 nonprofit charities in San Francisco is 4,750.⁴ More than half of these organizations are unstaffed and do not lease commercial operating space. Another 10% are very large and have significant resources, and thus are assumed to be less vulnerable to changes in the real-estate market. The remainder—an estimated 1,800 that are the target population for this research—are the health and human service providers, job training programs, nonprofit housing corporations, nonprofit educational institutions such as private schools, arts and cultural organizations, environmental organizations, civic organizations, animal welfare organizations, research institutes, public policy advocates, international aid organizations and philanthropic foundations that are integral to San Francisco’s civic life.

Table 1. San Francisco’s Nonprofits by Annual Expenditures

Annual expenditures	Number of organizations	Percent of total	Cumulative percent
< \$25,000	2,329	49%	49%
\$25,000 - 100,000	674	14%	63%
\$100,000 – 250,000	493	10%	73%
\$250,000 – 500,000	371	8%	81%
\$500,000 - 1 million	287	6%	87%
\$1 – 5 million	410	9%	96%
\$5 – 20 million	118	3%	99%
> \$20 million	68	1%	100%
TOTAL	4,750	100%	

Source: Guidestar Database

⁴ Guidestar Database records of all IRS-registered 501(c)(3) nonprofit organizations reporting San Francisco addresses, September 5, 2000. Nonprofit corporations recognized under other designations such as 501(c)(6) trade associations or 501(c)(5) labor unions are not included in this count or in this report.

Respondents' annual expenditures ranged from of \$0 to \$47 million. The sample mean (average) for expenses in the last fiscal year was just over \$2 million, with a 5% trimmed mean⁵ of \$1,204,813, and a median (middle point of the sample) of \$700,000. Seventy-five percent of respondents had annual expenditures last year of \$1,800,000 or less. Taken together, this group represents significant economic activity, with annual expenditures last year of \$558,949,698.

Table 2. Survey Respondents: Distribution by Budget Size

Expenses FY '99	# respondents	% of respondents
< \$25,000	7	2.5%
\$25,000 - 100,000	14	5.1%
\$100,000 – 250,000	45	16.4%
\$250,000 – 500,000	43	15.6%
\$500,000 - 1 million	51	18.5%
\$1 – 5 million	93	33.8%
\$5 – 20 million	17	6.2%
> \$20 million	5	1.8%
TOTAL	275	100%

N=275 (missing budget data in 26 cases)

In addition, thousands of people are involved with San Francisco's nonprofits as paid staff, volunteers, board members, and clients and patrons. The study participants reported employing more than 6,600 staff and benefiting from the donated time of almost 16,000 volunteers (N=290). Half of the respondents provide direct services⁶ to clients in San Francisco. The remaining include philanthropic foundations, advocacy groups, environmental groups, cultural groups, and health and policy organizations working at the national and international levels. The study's direct service providers reported serving more than 20,500 people each day (N=148).

This significant contribution to San Francisco's thriving economy often goes unnoticed, but in fact represents the work of thousands of Bay Area residents, relationships with

⁵ The trimmed mean is a calculation of mean, or average, that excludes 5% of extreme cases, or outliers, at both the high and low ends of the sample.

⁶ Throughout this report, "direct services" refers to in-person services directly provided by nonprofit staff. Examples include job training, drug abuse counseling, and art therapy for neglected children.

many of the same vendors as for-profit businesses, and both essential services and culturally-enriching activities that touch virtually all San Francisco residents.

Table 3. Survey Respondents: Economic Activity and Social Impact

Factor	Impact
Annual expenditures	\$558,949,698
Number of employees	6,605
Number of volunteers	15,773
Number of clients	20,545

N=301

Nonprofits responding to this study mirrored the overall distribution of nonprofits among various fields of endeavor. Survey respondents were asked to identify up to four primary activities. Table 4 illustrates that a large proportion of nonprofits engages in more than one primary activity, with human service activity the most commonly reported activity. Other activities reported by 15% or more of respondents were advocacy, health, and arts/culture.

Table 4. Survey Respondents: Distribution by Primary Activities*

Activity	Number	Percent
Human services	104	35%
Other [^]	89	30%
Advocacy	67	22%
Arts / Culture	60	20%
Health	50	17%
Employment / Training	38	13%
Environment	34	11%
Childcare	20	7%
Housing	22	7%
Economic development	16	5%
Recreation	8	3%
TOTAL*	508*	160%*

**Respondents chose up to four primary activities.*

[^]Includes education, legal services, associations and networks, etc.

In sum, the nonprofit sector in San Francisco—one of the most vital in the nation—is significant in its invaluable contributions to residents’ quality of life, and in real dollars and employees. It follows that nonprofits’ use of space throughout the City is also significant,

and that dislocation would have considerable impact on thousands of nonprofit staff, volunteers, and clients, as well as the neighborhoods and communities they call home.

4. DIMENSIONS OF THE ISSUE:

Nonprofit Space Utilization and the Risk for Displacement

Nonprofit Use of Space in San Francisco

As the financial and constituent data would suggest, San Francisco's nonprofits are using millions of square feet to accomplish their missions and serve the thousands of clients they reach each day. The majority are renting space in privately owned office buildings and light industrial spaces, public and quasi-governmental spaces (e.g. Fort Mason, the Presidio, and public schools), religious spaces, and in the owned or leased spaces of other nonprofits. Thirteen percent (13%) of respondents own space in San Francisco—the highest level of security in this expensive market— though some that own buildings also rent additional space for programming and/or neighborhood reach.

While the typical nonprofit uses less than 7,000 square feet of operating space, nonprofit agencies require widely varying amounts of square footage and types of space depending on their primary activities or mission. For example, a dance theatre will require significantly more square feet (for rehearsal, performance, and administration) than will a clean air advocacy group with the same annual expenditures.

- Seventy-nine percent (79%) of the study's respondents utilize a single site, 20% have two or more sites, and 1% have no site.
- The study respondents reported total current utilization of 2,123,870 square feet (N=284).
- Seventy-five percent (75%) of respondents currently utilize a total of 6,900 square feet or less.

Table 5. Respondent Total Current Space Use

Percentile ⁷	Current space use
25 th percentile	1,005
50 th percentile	2,700
75 th percentile	6,934

⁷ Percentiles are values above and below which a specified percentage of cases fall. For instance, in Table 5, 25% of cases use less than 1,005 square feet, and 75% of the cases use more than that amount.

Nonprofit Owned Space

Nonprofits' owned space is five times larger than rented and leased space on average, reflecting the variety of buildings that nonprofits own in San Francisco. The range in size for respondents' owned property was between 899 and 100,000 square feet, with a sample mean of 21,805, a 5% trimmed mean of 19,054, and a median of 15,000 square feet. Therefore, while the respondents reported ownership of 41 sites, or 12% of the total sample sites, this represents 806,797 square feet, or 38% of the total square feet.

Table 6. Respondent Current Space, Owned

Percentile	Current space use
25 th percentile	4,164
50 th percentile	15,000
75 th percentile	28,819

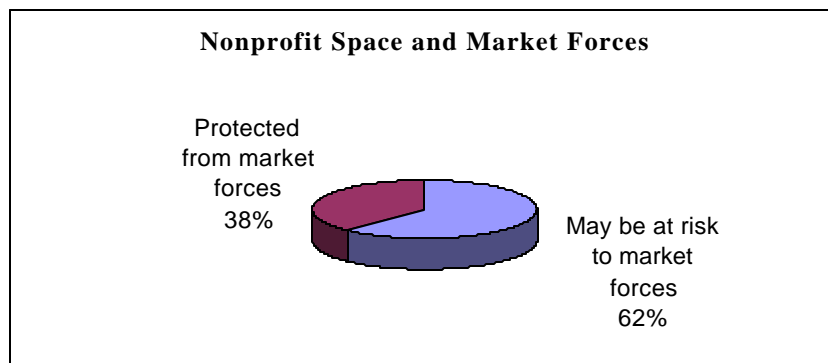
Nonprofit Leased Space

By contrast, the 88% of respondents' sites that are rented, leased, or donated had a mean size of 5,046 square feet, with a 5% trimmed mean of 3,684, and a median of 2,500 square feet. Seventy-five percent (75%) of the rented sites were 5,400 square feet or less. This 1,317,073 of respondents' square feet (62%) is potentially at risk.

Table 7. Respondent Current Space, Rented/Leased

Percentile	Current space use
25 th percentile	950
50 th percentile	2,500
75 th percentile	5,400

In sum, the data suggest that 38% of nonprofit square footage is protected from market forces through nonprofit ownership, and that 62% may be vulnerable to the market's escalating costs and diminishing vacancies in key neighborhoods throughout the City.



Total Space Use

Table 8 details the typical space utilization of nonprofits at various budget sizes. Again, the researchers eliminated groups under \$100,000 and over \$5 million, whose use of space is least well indicated by the study sample. The number of nonprofits at each of four expenditure levels was taken from IRS data as reported in the Guidestar Database.

Table 8. Use of Space by Organizations with Operating Expenses between \$100,000-\$5 Million

Annual expenditure range	Number of nonprofits*	Average square feet utilized^
100,000 – 250,000	493	1,387
250,000 – 500,000	371	1,754
500,000 - 1 million	287	3,177
1 million – 5 million	410	8,513
Total	1,561	-

**As per Guidestar Database report*

^ Average total square footage utilized by survey respondents

It is important to note that San Francisco's nonprofits use space variously categorized as retail, office and industrial, so it is difficult to set aggregate square footage in a larger context. Indeed the square footage reported by this study's respondents is in a wide continuum of spaces ranging from the Presidio, to donated space in religious buildings, to Class A commercial office space.

Community-Based, Place-Specific Nonprofits

Many nonprofits are community-based organizations; that is, they exist to serve populations who live in or frequent specific neighborhoods. For a childcare center, it may be that 90% of the children and their families live in Chinatown. For the children in such a childcare center, the relocation of the center across town or across the Bay makes the service effectively unavailable. A nonprofit theatre may rely on tourists and visitors for 50% of its patrons—patrons for whom a downtown location is part of the theatre's appeal. In many instances, nonprofits have been formed precisely to serve nearby residents such as schoolchildren or people with AIDS: for such nonprofits, leaving their clientele contradicts their reason for existence, and for their clients, the nonprofit's relocation would be indistinguishable from its closure.

Also critical is where nonprofit staff, volunteers, and board members live and work. Survey and focus group respondents repeatedly raised concerns about relocating because of proximity to their employees and governing boards. Forty percent (40%) of

agency employees live in their site neighborhoods (N=152). On behalf of both staff and clients, public transportation—access to both MUNI and BART—was considered by participants the most essential characteristic of their operating space.

We're an agency about frail seniors. Some have to come in and see their caseworkers. We have to be in the neighborhood we serve. Our seniors have lived here all their lives.

BAYVIEW FOCUS
GROUP PARTICIPANT

Table 9. Survey Respondents' Sites*: Distribution by Neighborhood

Neighborhood	Number of sites reported	% of total reported sites
Downtown	77	22%
South of Market (SOMA)	56	16%
Mission	51	15%
Marina/Presidio	31	9%
Tenderloin/Mid Market	27	8%
Haight/Western Addition	27	8%
Civic Center/Polk	18	5%
Richmond	14	4%
Sunset	13	4%
Bernal Heights/Potrero Hill	10	3%
Chinatown/North Beach	10	3%
OMI/Visitacion Valley/Excelsior	8	2%
Bayview/Hunters Point	8	2%
TOTAL	350	100%

*This includes both owned and rented/leased sites.

Significantly, nonprofit sites are concentrated in the three neighborhoods in which rents are escalating the fastest and vacancies are lowest: Downtown, SOMA, and the Mission. More than half of the sites are in these highly desirable areas: 22%, 16%, and 15% respectively. Space in these sections of town, especially among Class B and Class C sites, is astonishingly unavailable: By the end of 1999, vacancy rates in Class B office

space downtown had dropped from 13% in 1995 to about 1%.⁸ This concentration of nonprofits in San Francisco’s most competitive real estate sub-markets is certainly a contributing factor in the extent of anticipated displacement.

The Importance of Neighborhood Location

Overall, 52% of respondents said that it was important to their missions and/or the accomplishment of their primary activities to be located in a specific neighborhood of the City. In addition to the obvious—the need to be near clientele and patrons—there are important nuances to the issue of nonprofit location. For instance, parts of the City are considered “neutral” to young people involved in or associated with gangs and gang members, and the nonprofits working with this population necessarily work with clients in those neighborhoods where they feel safe. Many regional and national respondent agencies expressed the value of being Downtown because of its central Bay Area location and proximity to donors and corporate board members. The arts and cultural groups who rely on San Francisco’s thousands of tourists need to be near popular hotels and attractions such as Yerba Buena and the Museum of Modern Art. Still others fear that

I am particularly distressed by what has happened in traditional nonprofit areas like mid-Market. We were the only ones willing to rent from those buildings for years, and now they’re throwing us all out.

EMPLOYMENT/TRAINING
RESPONDENT

What’s ironic is that Bayview used to be a place where nobody wanted to be before . . . that’s why we’re here! We had the sewage plant out here—we are inundated with all sorts of environmental problems. Now since space has become a premium, they want to come down here. Quite frankly, the people in this area need the most help.

BAYVIEW/HUNTERS POINT
FOCUS GROUP PARTICIPANT

NIMBY (Not In My Back Yard) concerns will prevent them from establishing a new location even a few blocks away from their current sites.

Neighborhood focus groups highlighted the significance of neighborhood location for the nonprofit community, and brought into relief the differences among neighborhoods with respect to space availability, types of space, and market pressures. Participants representing the Tenderloin and mid-Market

⁸ Sedway Group, “San Francisco Metropolitan Area ULI Market Profiles 2000.”

corridor described that area as one of the last gathering places in the City for their vulnerable, low-income clients. Their proximity to the desirable SOMA neighborhood and its substantial development activity was a major concern for these groups. In Bayview/Hunter's Point— a historically underserved area where nonprofits provide essential services to a geographically and politically isolated community— participants noted the sudden developer interest in their neighborhood after years of indifference. In Chinatown, participants pointed to the lack of room for development and the dearth of appropriate commercial space for nonprofit program activity. These and other regional nuances are important considerations for any proposed solutions for San Francisco's nonprofits.

Evaluating Risk for Displacement

Four elements were identified in assessing the risk for nonprofit displacement:

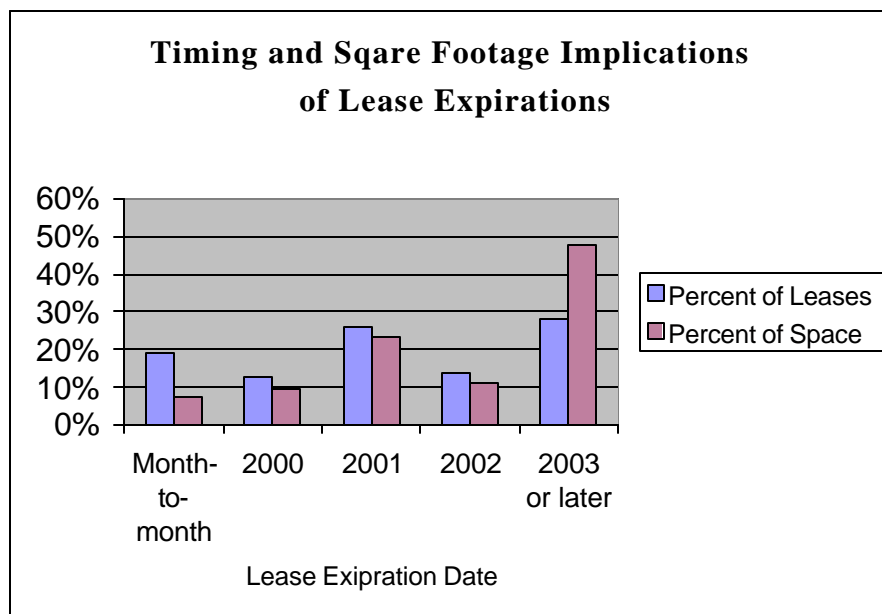
- the immediacy of current rental/lease term expiration
- confidence level in the ability to renew space agreements
- the percentage of operating budget currently directed to occupancy, and
- the discrepancy between current occupancy costs and market rates.

To illustrate, a nonprofit with a lease that expires next year—and whose building owner is preparing the building for sale—is at relatively higher risk than a nonprofit with the same expiration date but whose owner has indicated a receptiveness to renewal. Moreover, a typical nonprofit (without significant reserves) that currently spends just 5% of its total operating budget on occupancy, but would be spending 30% of its operating budget on occupancy if it were forced to rent at market rates, is at a higher risk than one accustomed to market rate occupancy costs.

Table 10. Survey Respondents' Sites: Lease Expiration and the Square Footage at Stake

Degree of Risk HIGH MEDIUM LOW	Rental/lease terms	# sites *	% of sites	Total square footage	Mean square footage
	Month-to-month rental	58	19%	91,415	1,576
	Lease expires '00	38	13%	110,790	2,916
	Lease expires '01	80	26%	279,008	3,488
	Lease expires '02	44	14%	135,425	3,077
	Lease expires '03 or later	85	28%	564,701	6,644
	TOTAL	305	100%	1,181,339	-

With respect to the immediacy of lease expiration, (58%) of respondents' rented sites are either rented month-to-month or have leases that expire by the end of 2001, and therefore are at high risk. In contrast, just 28% of the respondents' rented/leased spaces have leases that expire in 2003 or later. Significantly, this latter, more secure group of leased sites represents 48% of the respondents' total rented/leased square footage. The mean square footage of sites without a lease or one that expires in 2000 was 1,576, while the mean square footage of sites secured through 2003 or later was 6,644. In short, **58% of rented sites and 41% of rented square feet are at risk by the end of 2001. More smaller sites are facing immediate lease expiration**, while more large sites have secured leases through 2003 and beyond.



A second element of risk for nonprofit displacement is confidence in ability to renew current space agreements. Typical reasons that nonprofits did not anticipate being able to renew their leases included pending dramatic rent increases, pending sale of the buildings they lease in, and/or notices of eviction. For 55% of the rented or leased sites, respondents either will not be able to renew their leases when they expire or will be able to renew, but at significantly higher, market rates. For still another 20% of these sites, respondents were uncertain of their ability to renew leases. For 25% of sites, respondents believed that they *could* renew the leases/rental agreements without difficulty.

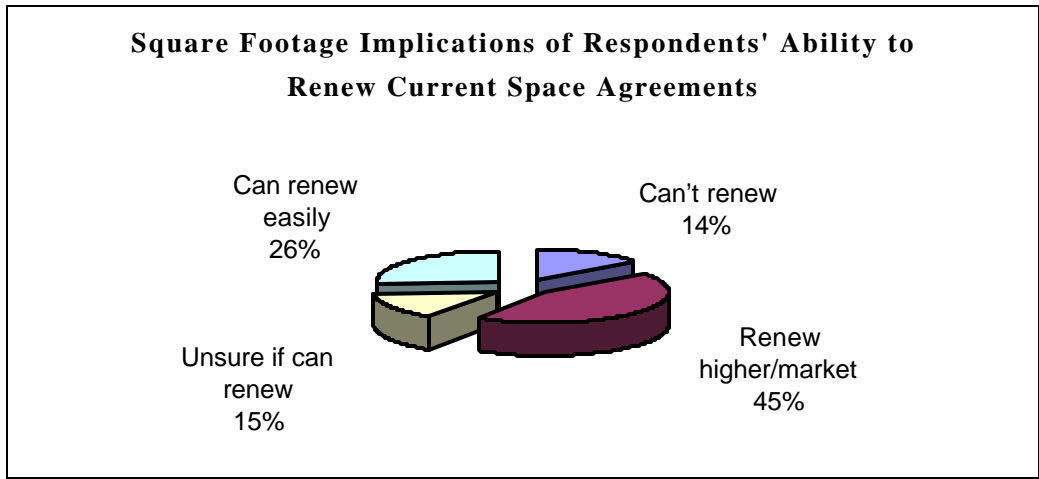
Table 11. Survey Respondents' Sites: Ability to Renew Rental/Lease Agreement

Degree of Risk	Confidence in ability to renew lease	# sites	% of sites	Total square footage
	HIGH	Can't renew	40	13%
MEDIUM	Can renew at higher/market rate	133	42%	539,556
	Unsure if can renew	65	20%	175,692
LOW	Can renew	80	25%	316,812
	TOTAL	318	100%	1,204,374

Respondents' confidence in their ability to remain in their current space was further explored with a survey question inquiring how much of their space they thought they might have to leave within the next three years. The reasons nonprofits might have to leave space are similar to the reasons they cannot renew their leases, but also include programmatic reasons such as the need for more space to handle agency growth in staff size and additional clients served. Nonprofits anticipate a significant amount of displacement within the next three years. Forty-seven percent (47%) reported that they might have to leave *all* of their space within the next three years, with another 14% reporting they may have to leave some of their space. **The good news is that 39% of respondents reported that they did not anticipate having to leave any of their space within the next three years.**

We were forced to move just two weeks ago from a space we had been in for nearly ten years. We still had two years left on our lease! And [the move] increased our rent by one third.

VIOLENCE PREVENTION
RESPONDENT



Financial Implications of Escalating Occupancy Costs

The other elements of risk for displacement concern the implications of escalating real estate costs for nonprofit financial viability. First, the survey data demonstrate that San Francisco nonprofits are not accustomed to spending significant portions of their operating budgets on rent. This is commensurate with both the public's assumptions about nonprofit expenditures and more importantly, standards or "overhead ratios" endorsed by public and philanthropic funders.

- The mean percentage of respondents' annual expenses directed to rent was 7%.
- When this percentage was re-calculated for respondents' current square footage based on a rate of \$35/square foot annually⁹ (a conservative figure for San Francisco commercial space), that mean percentage of budget jumped to 20%.

This raises important questions about how nonprofits will fund their transitions to market rate occupancy costs. Nonprofits that propose significant increases in occupancy costs to their funders—without corresponding increases in their services and accomplishments—will be at a competitive disadvantage for statewide and nationwide grants and contracts.

Nonprofits will be allocating a lot more to rent, and less to programs.

JIM CHAPELL
SPUR

⁹ Sedway Reports 2000 suggests that annual rents in SOMA have jumped from \$18/square foot over three years to \$45 - \$60/square foot, or even \$70/square foot.

Nonprofit managers and boards will need to address these increased costs in their annual budgeting processes and fundraising plans, identifying strategies for recovering the cost of doing business in the City's new economy. Commensurately, funders of San Francisco nonprofits should be aware of the drastic change in occupancy costs that many of their grantees will experience over the next three years. Moreover, the typical reticence of private philanthropy to support capital acquisition may warrant some re-examination in this climate as well.

We will double our rent, which is a significant challenge for a small nonprofit. We need increased City funds to cover these increased expenses.

AIDS SERVICES
RESPONDENT

A second, element of financial risk is how far below market rates nonprofits currently pay for occupancy. The greater the discrepancy between current rent and market rate, the more severe the financial impact of jumping to market rate. The survey respondents reported total monthly rent expenditures of \$1,466,456 on 337 sites. The sample mean monthly rent per site was \$4,352, with a 5% trimmed mean of \$3,403, and a median of \$2,470.

Table 12 compares total rented/leased square feet and total monthly occupancy costs. It demonstrates that nonprofits are typically spending between \$10 and \$13/square foot annually. In absolute dollars, we can conservatively estimate that many nonprofits will experience a 100% to 300% increase in annual dollars directed to occupancy.

Table 12. Respondents Current Annual Costs per Square Foot

Percentiles	Square feet	\$ Monthly cost	\$ Annual cost per square foot
25 th	950	900.00	12.67
50 th	2,500	2,950.00	10.17
75 th	5,400	5,806.00	11.16

The Impact on San Francisco: What's At Stake?

Thousands of people are involved with San Francisco's nonprofits— as employees, as clients, as board members, as patrons, and as donors. Many community members are dependent on the services they receive from nonprofits.

The survey respondents employ 6,600 people and benefit from the volunteer time of more than 15,000 volunteers. The direct service providers in this sample serve 20,500 people *daily*. Just these 301 responding agencies are directly affecting the lives of more than 40,000 San Francisco residents.

The risk for displacement cuts across all organizational missions. Table 13 details respondents' potential dislocation within the next three years by their primary activities and services. (Respondents were allowed to select up to four primary activities.) The two most discrete groups— arts groups and environmental groups— appear to be at high risk for significant dislocation; 44% and 60% respectively reported potentially having to leave all of their current space within three years. The remaining 9 activities frequently occur at multi-service organizations, so an average of these responses is most useful. The mean percentage of respondents at risk of losing all of their space within three years in the other 9 activity categories is 40%.

We are currently in crisis and will have to be out of our offices by September 30. Our rent would QUADRUPLE if we remained. We are contractually obligated to remain in SF because we serve only SF residents. We will probably decrease our space by 50% and increase our rent by 50% (or more). We may have to decrease services/staff to cover the rent increase.

SOUTH OF MARKET
RESPONDENT

Table 13. Survey Respondents: Potential Dislocation within Three Years by Primary Activities

Activity	All space at risk	%	Some space at risk	%	No space at risk	%
Arts	25	44%	9	17%	19	36%
Advocacy	33	51%	6	9%	26	40%
Childcare	3	16%	5	26%	11	58%
Economic Development	8	54%	2	13%	8	23%
Environment	23	60%	3	9%	8	23%
Employment/Training	15	44%	11	32%	8	24%
Health	19	39%	9	19%	20	42%
Housing	8	45%	4	22%	6	33%
Human Service	34	37%	21	20%	45	43%
Recreation	2	25%	2	25%	4	50%
Other	41	48%	12	14%	33	38%

Vulnerable clients are a major concern in considering nonprofit displacement. Of the 148 direct service providers in this study, 83, or 56%, reported potential dislocation within three years. Table 14 details the direct service providers that reported a risk for displacement from some or all of their space within the next three years by primary activities.

Table 14. Survey Respondents: Potential Dislocation of Direct Service Providers by Primary Activities

Direct service activity	# some or all space at risk	% of total activities
Arts	1	1%
Advocacy	17	11%
Childcare	5	3%
Economic Development	3	2%
Environment	10	6%
Employment/Training	24	15%
Health	16	10%
Housing	9	6%
Human Service	42	27%
Recreation	4	2%
Other	26	17%

Non-profits were asked if they would consider leaving San Francisco within the next three years if the real estate market remains at current levels. Not surprisingly, direct service providers typically cannot leave because they need to be near their clients or are funded by the City of San Francisco to serve residents. Organizations that do not provide direct services are more likely to leave the city.

Thirteen percent (13%) of non-profits indicated that they are currently leaving or very likely to leave San Francisco. Another 26% are strongly considering leaving San Francisco. For some organizations, “leaving San Francisco,” meant closing doors permanently. The real estate market mean that nonprofits, for which it is not essential to be located in San Francisco, will move to the East Bay or out of the Bay Area altogether.

Table 15. Respondents Leaving San Francisco Due to Real Estate Costs

	Organizations providing direct services		Organizations NOT providing direct services		All organizations	
	#	%	#	%	#	%
Very unlikely to leave SF	88	61%	47	34%	135	48%
Somewhat likely to leave SF	18	12%	20	14%	38	13%
Moderately likely to leave SF	30	21%	45	32%	75	26%
Already leaving SF or very likely to leave SF	9	6%	27	19%	36	13%
TOTAL	145	100%	139	100%	284	100%

5. Strategies Suggested by this Research

While the intent of this research was to document the problem rather than develop solutions, numerous survey respondents wrote in their ideas and opinions and the five focus groups and key informant interviews were a forum for surfacing and debating a host of potential remedies. There was widespread agreement that this challenge will not be met with a single response, but rather that a menu of responses coupled with strategic focus on the issue will be required by a coalition of government, philanthropic, nonprofit and policy representatives.

Emerging strategies can be grouped into five categories:

1. Nonprofit ownership: nonprofits purchasing buildings with the help of low-interest loan packages and other support from government and philanthropy
2. A 'landmark building' for many nonprofits, financed and developed by government and/or private philanthropy
3. Neighborhood-based buildings for nonprofits developed by government and/or private philanthropy
4. Policies such as developer incentives and set-aside requirements
5. Co-location with other nonprofits to reduce occupancy costs.

Although 13% of survey respondents own property in San Francisco, most focus group participants knew little or nothing about building purchase and ownership. There appears to be a great need for education and technical assistance in this area. While participants responded favorably to the notion of low-interest loans for capital acquisition, only a few people had any current plans to buy property. Several participants mentioned limitations because of funding sources, noting philanthropy's disinterest in supporting capital campaigns and government's focus on keeping overhead ratios very lean. One focus group participant reported that her nonprofit sold a building because it could not afford the improvements and ongoing upkeep.

Focus group participants expressed reservations about the effectiveness of a single, large, 'landmark' building that would house dozens of nonprofits. They warned that it was a solution for only a handful of nonprofits at risk for displacement, and that

As soon as you say there will be such a [large, shared] building, I start thinking about how can we get to the top of that list. I don't want to be competitive like that.

MID-MARKET FOCUS
GROUP PARTICIPANT

People think that locking in [purchased] space is going to be an anchor for the organization. They think, "This will put us on the map and make us a grown-up organization. This will be good for our programs." In actuality it will only magnify all the organizational problems. It can sink an organization. We sometimes dissuade an organization from purchasing or building a site. Our job is to help them think it through. We say, these are things you should be mindful of so [the purchase] doesn't jeopardize the true mission of your organization.

CAROL TING
CULTURAL FACILITIES FUND

many nonprofits are not able to relocate to another neighborhood of the City because of where their clients/patrons reside. For this reason, a number of participants recommended a series of buildings in neighborhoods throughout the City.

Many participants in this study believed that a policy response to the current rate of development and nonprofit/small business displacement is in order. Of

course there was a wide variety of opinions about what that policy shift should be. Mandatory commercial developer set-asides and tax incentives, similar to those in place for certain types of residential development, were frequently mentioned. There are serious questions about the feasibility of such requirements given Proposition 13 statewide ban on commercial rent control. Though Supervisor Gavin Newsom said that the City Attorney and his office are exploring these options.

Survey respondents reported a high level of interest in co-location. They demonstrated particular interest in sharing space with similar or complimentary organizations. Respondents cited coordinated services to their mutual clients, networking with one another, and reducing costs by sharing conference rooms, reception functions, and equipment leases as some of the potential benefits to co-location. Table 12 details survey responses to the question, "Are there any specific types of nonprofits with whom you'd like to share a building?"

Table 16. Respondent Interest in Co-location

Co-location response	% of respondents
Yes	15%
Yes, with similar organizations	54%
No	31%
TOTAL	100%

6. Concluding Comments

Despite the large number of nonprofits affected by space concerns, there is also reason to believe that realistic opportunities exist for both short-term and long-term solutions. In general, nonprofit space needs are moderate, with relatively few organizations requiring more than 7,000 square feet. Therefore large-scale properties developed for nonprofits could potentially house a number of small and mid-size agencies. Also, as the case stories that follow the body of this report demonstrate, some nonprofits can successfully purchase their own property with the assistance of public and private capital. And finally, many nonprofits appear to be open to creative, space sharing solutions; co-location may become a more widespread and client-friendly strategy for San Francisco's nonprofit organizations.

Criteria that Emerge for Strategy Selection and Implementation

- Strategies must be selected that address both the short-term and long-term space challenges faced by the sector. Assistance with co-location and building ownership must be accompanied by short-term assistance with relocation and lease renegotiations.
- Different strategies must be adopted for those nonprofits that are place-specific and those that are more able to relocate to less expensive neighborhoods and/or sites. Available resources should be allocated so that locations are maintained for those nonprofits that need to remain there for reasons of client accessibility and/or and financial viability.
 - Nonprofit ownership is an important strategy, but one that requires significant investments of capital and customized technical assistance.

This is such a huge problem that we need to use all the strategies we can: mega-structures, incentives for developers, regulatory approaches such as set-asides, funding pools for master leasing, City guarantees for building purchases, creation of special funds, etc. There needs to be a comprehensive solution with a lot of different things going on.

GORDON CHIN
CHINATOWN COMMUNITY
DEVELOPMENT CORPORATION

- A wide range of nonprofit constituencies should be brought together to develop and implement multiple strategies. These include government, private foundations, the real estate industry, developers, commercial and nonprofit lenders, and nonprofits from each segment of the diverse nonprofit community.

Case Stories:

San Francisco Nonprofits in the Land Rush



Sequoia Smith (not her real name) had hit rock bottom. Broke, diagnosed with AIDS and living on the street, she had turned to prostitution for basic survival. When she finally realized that her life was going nowhere, she found a piece of the safety net, the Black Coalition on AIDS, located just a few blocks away.

Sequoia entered an intensive program of counseling, treatment and housing assistance with determination. Six months later she stood at the graduation ceremony, confident and optimistic, with a full-time job and an apartment.

While Sequoia was climbing out of the street in her six-month program, the program's sponsor—the Black Coalition on AIDS—was plunging into its own crisis: their building, which they had rented at below-market costs for eight years, was being sold. As this report is written, Black Coalition on AIDS needs to move within weeks but despite a desperate, all-consuming search, has yet to find anything that will keep them close to people like Sequoia and that isn't so expensive it puts them out of business.

As the news spread that this study was being conducted, the researchers were inundated with people wanting to tell their stories—sagas, epics, tragedies, morality plays and fables—about rent increases, lease negotiations, and the search for affordable space in San Francisco. At the same time, solutions were being proposed but there was little information about how such solutions had worked when tried before.

The six “case stories” that follow were chosen to illustrate a variety of both situations and strategies. Among the strategies pursued are co-location and ownership options. Each case story describes a nonprofit striving to find and keep space that supports its mission—whether child care, hospice, community choir and drama, public interest law on behalf of women, or AIDS care in the African American community.

Black Coalition on AIDS: Pending eviction sparks a crisis



Many nonprofits have city contracts and budgets that were developed based on occupancy costs of a few years ago. As rents suddenly escalate to a rapidly rising market rate, the increased costs can force nonprofits into crisis when their existing leases end. The Black Coalition on AIDS is one example of an organization in this difficult position.

Current Crisis

The Black Coalition on AIDS (BCA) faces a crisis. For eight years the organization has run its services out of a two-story Victorian house on Divisadero Street, a property owned by one of the organization's early board members. He allowed them to rent the site at lower than market rates because of his support for BCA's work combating AIDS in the African American community. When this benefactor died recently, BCA's understanding was that they would be able to stay in the building. However, the owner had not specified this desire in his will, so when inheritors insisted on liquidating his various properties, the organization's luck ran out.



BCA has creatively converted a house into administrative office space for eight staff.

The Black Coalition on AIDS has addressed the HIV/AIDS pandemic in San Francisco since 1986 through a combined strategy of education, prevention services, health services, housing programs, media campaigns, and research. BCA began as an all-volunteer organization and moved into the house on Divisadero eight years ago, at approximately the same time that it began receiving grants and contracts that enabled them to hire staff and expand services. The house currently holds eight administrative staff members including the executive director, development director and finance officer. BCA also has three other sites: transitional housing (Brandy Moore-Rafiki House) around the corner providing 11 beds, and two sites offering outreach and education services in the Bayview and Fillmore neighborhoods.

The executor of the will originally planned to offer the building to BCA at its assessed value, about \$500,000. She was sympathetic to BCA's plight and aware of the intentions

of the owner. However she later found that she was legally bound to sell the property at market price, about \$700,000, to maximize revenue for the inheritors.

Black Coalition on AIDS

Staff: 27 in 4 sites

Clients: Serves 2000 clients/year

Budget: \$1.5 million

Space: 1900 sq. ft of office space, 3 other facilities: transitional housing in Fillmore (2100 sq. ft), outreach offices in Bayview (1200 sq. ft.) and Fillmore (1400 sq. ft.)

Space Costs: \$2836/month for current office space, \$7.843/month combined for

Even at the assessed cost, it would have been difficult for BCA not only to purchase the site, but to make affordable repairs to the aging building. "The house needs electrical work and renovations that would be an additional \$75-100,000," says Wanda Blake, Director of Finance and Operations at BCA. "The heating and electricity here are not good. If we plug in an extra heater upstairs and another downstairs, we blow a fuse!" BCA cannot afford to pay market rates for the house, even without the renovations.

The house is currently in probate, where it will be held until September 2000. "In this market, the house will probably sell in two weeks when it is

released in September," says Blake, "And we'll be forced to move immediately."

Potential solutions

BCA is now actively looking for a new location in anticipation of its eviction in September. In light of certain higher rental costs, they are simultaneously trying to raise more funds cover moving costs and rent that will likely double or triple their monthly rental budget.. The board space committee is helping to search, but so far has not found anything suitable. "It's important for us to be close to public transportation, since most of our people don't have cars," says Blake, "We are currently in a good location because we are close to the AIDS office (Van Ness and Market) and around the corner from our transitional housing complex."

Leaving the city is not an option for the organization. "Ninety percent of our funding is government funding for services in San Francisco," says Blake. Neighborhood location within the city is critical for the organization's work: "We need to be in an area where both higher income and lower income people would feel comfortable to come" says Blake, "Downtown close to the Civic Center/Fillmore area would be ideal."

Facing an eviction within a few weeks, BCA is in desperate straits and pursues all possible solutions. In addition to looking for their own space, they are open to sharing space with another organization, but have not found another organization with extra space. They're exploring new funding from foundations and are considering finding investors interested in the tax advantages of helping to buy a building. However, in the current real estate market this seems a daunting task. Although funders are supportive of BCA and feel its work is important, obtaining significant funding increases in the short term is unlikely.



Black Coalition on AIDS has its offices in a converted home on Divisadero Street

“This is a critical issue for our organization,” says Blake, “We are really worried.” As in many nonprofits in San Francisco, BCA's board and staff focus considerable resources on resolving this facilities issue, draining time away from day-to-day program services.

In August BCA thought it had found a new site at a feasible price and almost signed a new lease. At the last minute another organization with a private backer was able to secure the property before them. “It’s so disappointing,” says Blake. The organization’s future continues in jeopardy.

Equal Rights Advocates:

Rent increase from \$4800/month to \$28,800/month forces organization out of San Francisco

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Many nonprofits experience astronomical rent increases when their leases expire, and subsequently find it difficult to locate affordable, appropriate space in the City. While most direct service organizations cannot leave San Francisco, others are leaving for the East Bay and elsewhere—taking their jobs, services and intellectual capital with them.

Equal Rights Advocates is known locally for its precedent-setting lawsuits against gender discrimination, its legal advocacy for women, and its training for law students. ERA is also nationally recognized as a leader in policy analysis, legal analysis and legal strategy development. For the past 11 of its 26 years, ERA has been in its current location on Mission Street near South Van Ness. The building—serviceable but far from upscale—houses a variety of other legal service nonprofits as well, including the ACLU and the Legal Aid Society of San Francisco/ Employment Law Center. For the last ten years, thanks to a sympathetic



ERA's current office building on Mission St.

Equal Rights Advocates

Staff: 17

Budget: \$1.5 million

Space: 8000 sq. ft until Sept. 2000. Currently in 2700 sq. ft. until Oakland office of 5000 sq. ft. is ready

Space Costs: Rent went from \$4800 to \$28,800/month. Hoping to move to Oakland—still with a rent increase—but one that is less drastic.

landlord,

the organization paid a below-market rent of \$4800/month for 8,000 square feet of space. When the landlord died two years ago, his children inherited the building, and when ERA's lease was up for renewal, they raised the rent to market rate. For ERA this meant a six-fold increase from \$4,800/month to \$28,800/month.

ERA tried to negotiate for less space, as they felt they could operate in 5000 square feet, to allow the building owners to rent out the remaining 3000 square feet. The owners, however, did not want to have to deal with additional tenants. ERA considered trying to keep their current space while

subletting out a part, but decided against it, “I didn’t want us to be in the business of being a landlord,” says attorney and executive director Irma Herrera. Even that arrangement would likely have still been prohibitively expensive. “We want to focus on our mission and the services we provide.”

Time-consuming search

Herrera began looking for new office space in January, when they found out that their rent would be going up when their lease ended in July. She spent most of her work time over the next six months looking for new space. “I knew rents were going up,” she says, “but I didn’t expect it to get as severe as it did. When I was looking in Oakland, rents would be going up by 10-20% every month. When I was interested in a place, I found that often it had already been taken for even more than the asking price. By the end the brokers no longer had price lists to show us because the market was so volatile. ‘Just make a bid’ they told us!”

Herrera had a commercial real estate broker help look for property in San Francisco and in the East Bay. “We couldn’t find anything in San Francisco,” she says, “I pursued many, many leads but found that the only things we could afford were in terrible condition. I looked at one property in Hayes Valley that needed \$300,000 in build-out before it could be workable. We couldn’t afford that!” The organization is now in the end stages of negotiating for a 5000 sq. ft. property in downtown Oakland, which will still mean an increase in rent, but not one as severe as if they were to remain in San Francisco.



Inside Equal Rights Advocates’ current office

Effects of Moving

Although the organization would have preferred to stay in San Francisco, Herrera is optimistic about the move to Oakland. “We provide national and regional services, so it is all right for our organization to move to another city. We do work in coalition with many groups in San Francisco and will have to make trips in from the East Bay for that. We will also have a nicer space than we have had in San Francisco!”

Ironically, her optimism about ERA’s future tells a sobering story for San Francisco: the exodus of a substantial part of San Francisco’s legal services sector: “There are a growing number of legal organizations moving to Oakland. We will be located close to the

National Center for Youth Law and some other legal services agencies.” Herrera says that most of ERA’s staff already live in the East Bay, so it will actually improve the commute for many of them. But there are also concerns: law firms and lawyers that

support and volunteer for ERA are more concentrated in San Francisco, and their support may erode over time with ERA’s move.



Cramped quarters as ERA waits for a new space

While their new space is being finalized, the current building owners have agreed to let them stay a few more months in a portion of their current space. To do so, ERA has collapsed into 2700 sq. ft. from 8000 sq. ft. by creating very tight shared office space, putting documents and furniture in storage for a few months.

The move itself will be expensive for the organization. “Although it will not affect our clients because we have no drop-in service, it will be a big hit for the organization financially. Maybe \$15-20,000 in total,” says Herrera, “It breaks our heart to use money that way, but you can’t serve your clients and your mission without a place to work.”

Herrera does not blame the current plight of ERA on the dot-com boom. ERA is located next door to a dot-com at its current location and shares a conference space with the company). “It is more complex than just dot-coms,” she says, “The current market and its effects are part of a systemic problem with roots that go back one or two decades. “

The organization is getting ready for a few months of close quarters and confusion, followed by the upheaval of moving and relocation. Still, given the current market, there seems to have been little else that could have been done. “We considered all the different factors and decided we needed to do what was economically feasible for the organization,” says Herrera.

Portola Family Connections: Nonprofit childcare center buys multi-use building

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At first glance many nonprofits do not appear to be candidates for building ownership. In this case a respected and committed staff and board combined a loan strategy with aggressive fundraising to purchase their building.

Portola Family Connections is a neighborhood center near the intersection of Silver Avenue and Bayshore Boulevard that builds on childcare services to provide neighborhood resources and community services to families. Grade school children walk over from E.R. Taylor School for after-school programs such as Homework Club, arts & crafts, and computer lab activities. On Tuesdays and Thursdays the center

overflows with monolingual, Asian language speaking grandparents who walk over to the center with their infant and toddler grandchildren for special programming. On Saturdays whole families come over by foot, stroller, scooter and skateboard for English classes, workshops, and fun activities.

Portola Family Connections

Staff: 19

Budget: \$500,000/year

Usage: Approximately 300 people participate in one of the center's programs each day, about half of them children

Space: 13,000 square feet building, of which they use 6,500 square feet and lease out the remaining retail space and six housing units

Purchase price: \$1.3 million

Loans: \$735,000 from the Childcare Facilities Fund, \$500,000 from the San Francisco Mayor's Office of Community Development

One morning earlier this year, Executive Director Maryann Fleming noticed "a bunch of suits" looking over the childcare center and asking some unusual questions. She confronted the building owner and discovered that the building had been on the market for six weeks, and that the "suits" were prospective buyers. For four years, Portola Family Connections had leased 4,000 square feet on the ground floor of the building for about \$2,700/month.

They could not imagine moving away from

the children and families that came to the center everyday, but neither could they imagine how they could buy the building. The organization felt daunted by the \$1.3 million purchase price, by their own lack of experience with real estate, and by the prospect of managing the other tenants of the building: a 99¢ store and six families renting apartments on the second floor.

Six months later, with the help of both public and private lenders as well as considerable assistance from the Childcare Facilities Fund, Portola Family Connections owns their building and is no longer worried about eviction. The board and staff worked hard to raise \$55,000 for a down payment, and to work with the Childcare Facilities Fund (a project of the Low Income Housing Fund) to put together a highly leveraged loan package. The Low Income Housing Fund has made a \$600,000 mortgage loan to Portola Family Connections, as well as a \$135,000 bridge loan. The Fund also underwrote an additional loan of \$500,000 from the San Francisco Mayor's Office of Community Development. This loan, made with Section 8 monies from HUD designated by San Francisco for childcare facilities, was made with an agreement by the San Francisco Department of Housing Services to pay part of the debt service on the loan.

Payments still higher

Portola Family Connections owns their building, but their monthly payments are still nearly double what they were previously. They have adopted an aggressive stance on fundraising, approaching foundations, service clubs and individual donors, and are considering taking over the retail space in the future for new programming. "This is not a low-risk loan," commented Noni Ramos of the Low Income Housing Fund, "because it requires them to do both up-front and ongoing fundraising at a higher level than they have done before." So why did the Fund put the loan package together for Portola Family Connections? "We saw the commitment of the staff and the board to this work and to the neighborhood. We saw how necessary it was for them to be there, right there."

Nancy Andrews of the Low Income Housing Fund adds that Portola Family Connections has many similarities with other nonprofits approaching building ownership for the first time. "There's a romance at first," she says. "Nonprofits are attracted to ownership by the idea of permanence, by the prospect of stabilizing costs, by the sense of place, and by the appeal of having a *home*. But there's a reality behind the romance: there may be hidden cost and management issues—remember, nonprofits don't get an extra tax benefits from building ownership. There is often a heightened dependency on fundraising. And suddenly they're an asset manager—a role they may not know how to play." Andrews' comments point to the need for considerable technical assistance for nonprofits taking on these new, complex responsibilities.

There is no false sense of complacency at Portola Family Connections. But there is a sense of security, of confidence in a long-term future in the neighborhood, and a strong sense of optimism. "We didn't think we could pull it off at first," comments Fleming. "But there was *nowhere* else we could go and stay in the neighborhood. This is heart and soul work." Her advice for others? "Think big. Pray for miracles. Don't be discouraged by conventional wisdom. Call the Childcare Facilities Fund."

Visitacion Valley Community Beacon: A community center co-locates in a San Francisco school



Co-location and nonprofit use of public buildings are two suggested ways to alleviate nonprofit space problems in San Francisco. Although it can provide solutions for some, it also creates its own set of new challenges with negotiations and dynamics.

Background

Walking into the Visitacion Valley Beacon Center, a visitor notices the lively sights and sounds of after-school tutoring sessions, cooking classes, hip hop dance classes, choir rehearsal, basketball league play, parent skills workshops, English classes for immigrants, and computer training for teens. The visitor also sees student lockers and a principal's office . . . because the Beacon Center shares space with Visitacion Valley Middle School. The Center has operated for four years and serves several hundred neighborhood youths and adults every week. Visitors and program participants include a diverse range of African-American, Latino, Asian, and Samoan neighbors from Visitacion Valley.



Site Manager Chana Kennedy and neighborhood youth in the combined office/program area.

Space Issues

The presence of a Beacon Center in a public school transforms the school into a center of community activities for families; the San Francisco Unified School District gives the space to the Beacon Center at no charge. Despite good working relationships between the school and the Beacon Center, potentially difficult conflicts can arise from the sharing of space because school activities take precedence over Beacon programs. For example, the space used by the Beacon Center for its childcare center was reclaimed by the school for use as a special education classroom. The children had to be moved into the administrative

Visitacion Valley Beacon Center

Staff: 12

Budget: \$350,000

Space: Shared space in Visitacion Valley Middle School

Space Costs: Donated space as part of the San Francisco Beacons Initiative

offices: “We have the little coat racks and tables in our office area, with the little ones running around and screaming while we are doing our work,” says Chana Kennedy, site manager.

The Beacon Center shares space through a memorandum of understanding with the school and school district. Analyst David Schecter recently identified several challenges for Visitacion and other Beacon Centers sharing space with public schools: access to shared space such as auditoriums was often problematic, the amount of space allocated to the Centers was often inadequate, and the space was “not well suited to the Beacons.”¹⁰ The Visitacion Center knows these challenges well: as one example, the Center shares phone lines with the school, but cannot have voicemail because of the type of system used by the school. The Beacon Center must also foot the bill for after school hours custodial services for its own activities. Still, the arrangement provides benefits for both sides: for instance, a donation of 20 new computers to the Beacon Center will be used by students of the Middle School as well .

Sharing space requires constant, clear communication, particularly in a dynamic where one group is existing in space that is primarily meant for another use. For each activity or event planned, the staff of the Beacon Center must check with teachers for classroom space. They are clearly second in order of priority for any space, which can be frustrating for program staff.



Visitacion Valley Middle School, site of the Beacon Center

“A lot of the other Beacon Centers have their programs kicked around for space,” says Kennedy, “Some are working out of trailers. We have a relatively large amount of space, but it’s still hard doubling up and not knowing when program space will be taken away.”

¹⁰ David Schecter, “Beacon Centers: Rethinking the Uses of Public Buildings,” SPUR Newsletter, September 2000, p. 7.

Maitri:

Purchase of building provides organizational security for hospice

.....

The current real estate market has pushed many nonprofits to consider buying their own space. Through some unconventional loans, linking up with a commercial partner and a generous offer from the previous owner, Maitri was able to purchase a building for its AIDS hospice and lease the lower floor to a retail tenant to assist with the mortgage payments.

Background

When a Zen priest at the Hartford Street Zen Center took in a homeless man dying of



Fountain and sculpture in the courtyard of Maitri AIDS Hospice

AIDS in 1987, Maitri AIDS Hospice was created. Two years later, the number of people cared for at the Castro district Zen Center had increased so much that they leased the Victorian house next door to expand the facilities.

After several years of caring for the sick on Hartford Street, Maitri found itself faced with a crisis. In 1993, the state passed regulations specifying standards for facilities providing housing and support for people with AIDS, standards that the existing Maitri facilities did not meet. In

1994 Maitri began serious efforts to find and obtain a fully accessible building in which it could continue its operations.

The organization had several criteria for a new site, including proximity to public transportation, adequate square footage, and not requiring extensive seismic retrofit work. Maitri found their current site near the corner of Church and Duboce Streets in 1995, at a time when it was owned by California Pacific Medical Center. The property had been assessed at \$1 million, but was offered to them at \$500,000. Maitri staff speculate that reasons for the low sale price included the fact that the building had been empty for a number of years, CPMC had been in some financial difficulty and wanted to divest itself of some property, and CPMC felt it would be a good public relations move for the organization to help a community-based nonprofit. "Now it seems amazing that we got it

at that price. In 1996 it was a very different real estate market,” says Tim Wolfred, interim executive director at the time.

Maitri

Staff: 18 employees

Budget: \$2 million

Space: Owns 20,000 sq. ft,
Leases 7,300 sq. ft

Space costs: Repaying loan
for construction for
next 2 years at
\$6100/month; then
loan payments of

Maitri was able to afford the building and the necessary renovations through several unusual loans and some fundraising. They received \$2.4 million in HOPWA (Housing Opportunities for People with AIDS) loans administered by the San Francisco Redevelopment Agency, raised \$500,000 through a capital campaign, and took out a construction loan of \$300,000 from a low-income housing fund. The first \$1.6 million of the HOPWA loan is forgivable as long as they keep providing services from that location for fifty years. For four years (through 2002) they will be paying off the construction loan, and then will have to pay the remaining \$800,000 of the HOPWA loan in

principal-only payments over the next fifty years.

Nonprofit landlord

Maitri originally intended to rent the lower space in the building to other nonprofits, while keeping the upper level for the hospice. However, the cost of improving the space, formerly used as a parking garage, was projected to be so expensive that nonprofits could not afford it. Maitri eventually began a search for a retail client through a real estate agent. “We had to find a tenant with deep enough pockets to pay for the build-out,” says Bill Musick, Executive Director. Ultimately, Rite-Aid signed a fifteen-year lease with Maitri with three renewable five-year options, as well as spending \$750,000 in tenant improvements.



Maitri's gate shares a wall with a Rite Aid sign

“There are sometimes disadvantages to having a retail tenant like occasionally when we have to deal with their East Coast corporate offices,” says Musick, “But mostly the lease is set up so we do not deal with each other much. We have separate utilities and entrances.” Maitri moved into the facilities in 1997 and Rite Aid joined them in 1998. Maitri is responsible for graffiti removal from the front of the building, but otherwise they each do their own facilities maintenance. “The advantage of the retail tenant is that it supports the organization financially,” says Wolfred.



with Chinese mountain
design in Maitri hospice stairwell

Lessons Learned

Owning a building can be difficult for a nonprofit because the organization suddenly becomes a facilities manager, a role in which it often has no expertise and which takes time away from mission-based activities. However, ownership can be a successful solution to constant insecurity around space and can provide other benefits to the organization.

In Maitri's case, the organization benefited from donated furniture and design work from a group called Healing Environments, a nonprofit that advises hospitals on making their patient living areas more nurturing and home-like. Maitri created an environment that was designed to reflect the Buddhist philosophy of the program as well as with an attention to a healing environment for the terminally ill. "Buying the building allowed Maitri to fit the program and culture together in a way that made the organization flourish," says Wolfred, "The design of the facility was done perfectly to suit what was being done by the program."

The Women's Building:

Nonprofit purchases building to provide space for women's organizations

.....

The Women's Building is an example of a multi-organization building that was purchased and is managed by a nonprofit in order to provide stable, below-market space for new and veteran organizations with similar missions and constituencies. The Women's Building organization was created in 1979 and currently provides space for thirteen nonprofit women's organizations in the Mission District.

Background

Nearly thirty years ago, a group of San Francisco women pondered how they could



The Women's Building in the Mission with its famous mural "Maestrapiece", a multi-cultural, multi-generational collaboration

create a lasting resource for grassroots women's groups. In 1971 they created a nonprofit called San Francisco Women's Centers, an incubator for emerging Bay Area women's projects. At the same time, they began to raise money for a project many thought was unrealistic given the real estate market: buying a building for women's organizations. In 1979, after many years of raising money, the organization was able to purchase an eighty-year old building, which was then a four-story men's gym with a bar on the ground floor. Their purpose was to reduce the isolation of groups working on similar

issues and to provide an affordable space for progressive women's organizations to flourish.

San Francisco Women's Centers managed to collect the down payment for the building through individual donations and secured a mortgage for the property. The organization renovated the building and proceeded to rent space at below market rates to grassroots organizations that focused on women's issues. Four years ago, the organization paid off its mortgage and now owns the building outright.

Thirteen nonprofits rent at less than half market rate

The Women's Building currently houses thirteen organizations that serve women and girls, including the Cooperative Restraining Order Clinic, Mujeres Unidas y Activas, the San Francisco chapter of NOW, Purple Moon Dance Project, SF Women Against Rape, and Bay Area Teen Voices. Some of the organizations have been in the building since it opened, while some are newer additions. Occasionally an organization will move out because it has become financially stable enough and large enough to want its own space. Many more organizations wish to find a place there than can be accommodated. "We get calls everyday from organizations who are looking for space," says Teresa Mejia, executive director of San Francisco Women's Centers.

Organizations are able to rent office space at the Women's building at less than half the market rate and share the use of some common facilities. They hold leases that last for one year and then have the option to renew them at the end of that time. For many years the monthly rent remained at .80/sq. ft. regardless of increases in market rates; recently the rent was raised to \$1.50/sq. ft. (compared to the market rate of \$3-4/ sq. ft in the neighborhood). "We are making a huge effort to keep rents far below market rates," says Mejia. Some organizations find the rent increase difficult, so their rent is being increased in steps over the next six months.

The Women's Building

Staff: 6 at SF Women's Centers, Inc. Houses 13 organizations with their staff and clients

Budget: \$800,000

Space: 35,000 sq. ft (4 floors and a basement)

Space Costs: Mortgage paid off four years ago. Renovations and seismic retrofitting cost \$5.9 million; \$4.9 million has been raised through a capital campaign.

Two years ago the Women's Building began an ambitious renovation project to perform seismic retrofitting and improve the building facilities. "We were told that we had to make the renovations or close," says Noemi Zulberti, renovations project manager. The organization has thus far raised \$4.9 million of \$5.9 million required for the effort through a capital campaign, and some funds were received from FEMA (Federal Emergency Management Agency). The project is now in its final stages.

Renovations include the creation of space for a full-time childcare center, a community café, expanded bilingual information and referral services, additional meeting, training, and event facilities, appropriate space for drop-in child-care and short-term crisis intervention, additional office space for community-based organizations, and a two-story community atrium. Because so many tenants could not afford space elsewhere, the Women's Building allowed all tenants to stay during the construction work, although the



New atrium in the Women's Building

organizations had share space in the auditorium and conference rooms in close quarters.

Vision for the future

San Francisco Women's Centers describes the Women's Building as a community space that provides a wide range of services for clients. The organization also runs information and

referral services in the building, including job listings and bilingual information services. They recently created a drop-in childcare center for women who wish to use services in the building.

"We are creating a community here," says Mejia. Other ideas for the future include the creation of a café with a job training program on the ground floor in an area previously occupied by a bar. The building has provided a haven for many women's organizations over the past twenty-one years and is poised to continue this work far into the future.

Appendix A: Survey Respondents

42nd Street Moon
A Traveling Jewish Theater
ABADA-Capoeira
About-Face
ACLU
Actors' Equity Association
Adopt A Watershed
Agape Foundation
AIDS Emergency Fund
AIDS Legal Referral Panel
Alisa Ann Ruch Burn Foundation
Alonzo King's Lines Ballet
American Friends Service Committee
American Red Cross-Bay Area Chapter
Amnesty International USA
Angel Island Immigration Station
API Cultural Center
Arab Cultural Center
Architectural Foundation of SF
Arriba Juntos
Asian & Pacific Islander Wellness Center
Asian American Dance Performances
Asian American Pacific Islanders in Philanthropy
Asian Law Caucus
Asian Perinatal Advocates
Asian Women's Resource Center
Asian Women's Shelter
At the Crossroads
Bay Area Council for Jewish Rescue & Renewal
Bay Area Gay-Straight Alliance Network
Bay Area Jewish Healing Center
Bay Area Video Coalition
Bay Area Women's & Children's Center
BAYAC
Bicycle Community Project
Big Brothers Big Sisters of San Francisco
Black Coalition on AIDS
Blind Babies Foundation
Business for Social Responsibility
C.G. Jung Institute of San Francisco
CA Assn. of Human Relations
CAHEED
California Academy of Ophthalmology
California Assembly of Local Arts Agencies
California Center for Land Recycling
California Childcare Resource & Referral Network
California Food Policy Advocates
California Housing Partnership Corp.
California School-Age Consortium
Camerawork
Carecen
Cartoon Museum
Center for Community Change
Center for Health Training
Center for Resource Solutions
Center for Young Women's Development
Centro Latino de San Francisco, Inc.
Changemakers
Child Care Law Center
Children's Book Project
Children's Council of San Francisco
Chinatown Youth Center
Chinese for Affirmative action
Chinese Newcomer Service Center
Christmas in April
Cine Acción
City Car Share
CityTeam Ministries
Columbia Park-Mission Unit
Columbia Park-Tenderloin Unit
Community Boards of San Francisco
Community Core
Community Housing Partnership
Community United Against Violence
Community Vocational Enterprises
CompassPoint Nonprofit Services
CompuMentor
Consumer Action
Consumers Union
Continuum
Council of State Governments-WEST
Center for Integration and Improvement of Journalism
Cystic Fibrosis Foundation
Dance Through Time
Dancers' Group
Del Sol String Quartet
Democratic Media Legal Project
Donaldina Cameron House
Earth Island Institute
Earth Justice Legal Defense Fund
Edgewood Center for Children & Families

Enterprise for High School Students
Episcopal Community Services
Equal Rights Advocates
Every Child Can Learn Foundation
Family Caregiver Alliance
Family Violence Prevention Fund
Film Arts Foundation
First Congregational Church of San Francisco
Florence Crittendon Services
Food Runners
Frameline
Friends of the Urban Forest
Friends & Foundation of the SF Public Library
Gay & Lesbian Alliance Against Defamation
Gay & Lesbian Medical Association
Geneva Valley Development Corporation
Glaucoma Research Foundation
Global Exchange
Golden Gate Community, Inc.
Good Samaritan Family Resource Center
Green Corps
Greenbelt Alliance
GreenInfo Network
Haight Ashbury Food Program
Haight Ashbury Free Clinics
Hamilton Family Center
Hands on San Francisco
Hearing Society for the Bay Area, Inc.
Heart of the Mission Aikido
Homeless Prenatal Program
Horizons Foundation
Hospice by the Bay
Housing Conservation and Development Corp.
Housing Rights Committee
Humanities West
Immigrant Legal Resource Center
Immune Enhancement Project
ImpactOnline
ImprovWorks
In Home Supportive Services Consortium
Infusion-One
Institute for One World Health
Integrative Center for Culture and Healing
Interfaith Coalition for Immigrant Rights
Intergroup Clearinghouse
International Diplomacy Council
International Gay & Lesbian Human Rights
Commission

International Institute of SF
Jail Psychiatric Services
Jamestown Community Center
Japan Society of No. CA
Japanese Community Youth Council
Jewish Community Federation
Jewish Community Relations Council
Jewish Vocational Service
Jon Sims Center for the Performing Arts
Justice Matters Institute
Kearny Street Workshop
Kids' Turn
KQED, Inc.
La Casa de las Madres
La Pocha Nostra
Larkin Street Youth Center
Lavender Youth Recreation & Information Center
leap...imagination in learning
Legal Aid Society of SF
Legal Assistance to the Elderly
LGBT Community Center Project of San Francisco
Lighthawk
Literacy for Environmental Justice
Maitri
Make-A-Wish Foundation
MALDEF
Martin de Porres House of Hospitality
Mary Elizabeth Inn
Meals on Wheels of San Francisco, Inc.
Media Alliance
Men Overcoming Violence (MOVE)
Mental Health Board
Midsummer Mozart Festival
Miriam and Peter Haas Fund
Mission Neighborhood Centers
Mission Economic Cultural Association
Mission Economic Development Association
Mission Learning Center
Mount Zion Health Fund
National AIDS Memorial Grove
National Asian American Telecommunications Assn.
National Center for Lesbian Rights
National Japanese American Historical
Network for Elders
New Langton Arts
New Leaf Services of Our Community
NewName Performance
NICOS Chinese Youth Coalition

Nihonmachi Little Friends
No. CA Community Loan Fund
Non-Profit Housing Assn. of No. California
North Beach Citizens
Northern California Service League
ODC Theater
Older Women's League-SF Chapter
Omega Boys Club
Operation Access
OpNet
Or Shalom Jewish Community
Our Schools Our Media
Overseas Chinese Institute on Aging
Pacific Academy of Homeopathy
Pacific Primary School
Pacific Vision Foundation
Parents for Public Schools of SF
Partners for Democratic Change
Patient Assistance Foundation
PeopleGive
Pesticide Action Network North America
Philanthropy by Design
Planning for Elders in the Central City
Pocket Opera
Political Ecology Group
Portola Family Connections
Positive Resource Center
Project Inform
Purple Moon Dance Project
Rails to Trails Conservancy, CA Office
Rainforest Action Network
RAMS, Inc.
Raphael House
Real Options for City Kids (ROCK)
Redefining Progress
Refugee Transitions
RESOLVE of Northern California
Resourceful Women
Richmond District Neighborhood Center
Richmond Senior Central
Rudolph Steiner Foundation
San Francisco Adult Day Services Network
San Francisco AIDS Foundation
San Francisco Ballet Association
San Francisco Bicycle Coalition
San Francisco Chamber Signers
San Francisco Conservation Corps
San Francisco Conservatory of Music

San Francisco Contemporary Music Players
San Francisco Food Bank
San Francisco Foundation-Community Initiative Fund
San Francisco Hillel
San Francisco Jewish Film Festival
San Francisco Shakespeare Festival
San Francisco Symphony
San Francisco Urban Service Project
San Francisco Vocational Services
San Francisco Waldorf School
Save the Redwoods League
Scenic California
Scroungers' Center for Reusable Art Parts (SCRAP)
Seven Trees Youth Program
SF Bay Area Ministry to Nursing
SF Community Clinic Consortium
SF Conservation Corps Learning Center
SF Suicide Prevention
SFGH Foundation
Shadowlight Productions
Shanti
Share Foundation, Building a New El Salvador Today
Social Venture Network
Sojourn: The Episcopal Chaplaincy at SFGH
SoMa Partnership
SomArts
South of Market Child Care, Inc.
South of Market Foundation
Southeast Alliance for Environmental Justice
SPUR
St. John's Educational Threshold Center
St. Peters' Housing Committee
Sunset Youth Services
Susan G. Komen Breast Cancer Foundation
Sustainable Conservation
Sustainable Sciences Institute
Synergy School
Tenderloin Neighborhood Development Corp.
That Man May See, Inc.
The Breast Cancer Fund
The Friends of Photography
The Management Center
The Society of California Pioneers
The United Council of Human Services
The Volunteer Center of San Franc
The Walden School
The Women's Philharmonic
Theresa S. Mahler Child Development Center

Trades Women, Inc.
UCSF AIDS Health Project
Under One Roof
Urban Habitat Program
Urban Resource Systems
Viking Youth Soccer
Vision Youthz
Volunteer Legal Services Program
Wallace Alexander Gerbode Foundation
Walter and Elise Haas Fund
Western Arts Alliance
Women Donors Network
Women in Community Service
Womens Safety Project
World Affairs Council
World Peace Through Technology Organization
Young Women's Work Project
YWCA of San Francisco

Appendix B: Survey Instrument

Nonprofit Space Needs Survey

This survey will probably take you about 15 minutes to complete. Please answer every question to the best of your knowledge, making informed estimates wherever you cannot access exact information. Thank you for your time, and please feel welcome to reach Jeanne Peters, CompassPoint Nonprofit Services, at 415-541-9000 or JeanneP@compasspoint.org if you have any questions or comments about the survey.

ORGANIZATION NAME: _____		
PRIMARY ADDRESS: _____ _____		
YEAR FOUNDED: _____	CONTACT PERSON: _____	
CONTACT PERSON'S TITLE: _____	PHONE: _____	
FAX: _____	EMAIL: _____	
LEGAL STATUS OF YOUR ORGANIZATION (501C3, ETC.): _____		

1. WHICH OF THE FOLLOWING CATEGORIES BEST DESCRIBE(S) THE PRIMARY ACTIVITIES OF YOUR ORGANIZATION? (CHOOSE UP TO THREE ONLY, PLEASE)

_____ ARTS/CULTURE	_____ ENVIRONMENT	_____ HUMAN SERVICE
_____ ADVOCACY	_____ EMPLOYMENT /TRAINING	_____ RECREATION
_____ CHILDCARE	_____ HEALTH	_____ OTHER: _____
_____ ECONOMIC DEVELOPMENT	_____ HOUSING	

2. WHAT WERE THE TOTAL OPERATING EXPENSES OF YOUR ORGANIZATION LAST FISCAL YEAR? \$ _____

3. HOW MANY PAID STAFF WORK AT YOUR SITE(S) IN SAN FRANCISCO? _____

4. HOW MANY VOLUNTEERS WORK AT YOUR SITE(S) IN SAN FRANCISCO? _____

5. WHAT PERCENT OF YOUR STAFF AND VOLUNTEERS LIVE IN YOUR ORGANIZATION'S NEIGHBORHOOD(S)? _____
_____ %

6. PLEASE FILL IN THIS TABLE ABOUT EACH SPACE YOUR ORGANIZATION LEASES/RENTS IN SAN FRANCISCO:

<i>NEIGHBORHOOD</i>	<i>SQUARE FOOTAGE</i>	<i># STAFF AT SITE</i>	<i>MONTHLY LEASE/RENT*</i>	<i>LEASE/RENTAL TERMS</i>	<i>CAN YOU RENEW YOUR LEASE?</i>
(EXAMPLE) MISSION	(EXAMPLE) 3,500 SQF	(EXAMPLE) 12 STAFF	(EXAMPLE) \$7,000/MONTH	(EXAMPLE) LEASE EXPIRES 7/02	YES, BUT AT A HIGHER RATE
#1					
#2					
#3					
#4					
#5					
#6					

6.B. OF THE SPACES LISTED ABOVE, WHICH MIGHT YOU HAVE TO LEAVE IN THE NEXT THREE YEARS?__

*PLEASE WRITE ZERO TO INDICATE THAT THE SPACE HAS BEEN DONATED

7. PLEASE FILL IN THIS TABLE ABOUT EACH SPACE YOUR ORGANIZATION OWNS IN SAN FRANCISCO:

<i>NEIGHBORHOOD</i>	<i>SQUARE FOOTAGE</i>	<i># STAFF AT SITE</i>	<i>MONTHLY MORTGAGE*</i>	<i>LENGTH OF OWNERSHIP</i>
(EXAMPLE) MISSION	(EXAMPLE) 3,500 SQF	(EXAMPLE) 12 STAFF	(EXAMPLE) \$7,000/MONTH	(EXAMPLE) 10 YRS (BOUGHT IN 1990)
#1				
#2				
#3				
#4				
#5				

*PLEASE WRITE ZERO TO INDICATE THAT THE SPACE HAS BEEN DONATED

8. DO YOUR SERVICES REQUIRE SPECIAL OR LICENSED FACILITIES (CHECK ALL THAT APPLY)?

KITCHEN CHILD CARE OUTDOOR PLAY SPAC
 CLASSROOMS PRIMARY HEALTH CARE WAREHOUSE/WORKSHOP
 CONFIDENTIAL CLIENT ROOMS OTHER: _____

9. HOW IMPORTANT IS EACH OF THESE BUILDING AMENITIES FOR YOUR ORGANIZATION? (PLEASE CIRCLE 1,2, OR 3 FOR EACH AMENITY: 1=UNNECESSARY, 2=USEFUL BUT NOT REQUIRED, AND 3=REQUIRED)

EMPLOYEE PARKING 1 2 3 CLIENT PARKING 1 2 3
 LOADING DOCKS 1 2 3 EMPLOYEE KITCHEN 1 2 3

LARGE MEETING SPACE 1 2 3
MUNI ACCESS 1 2 3
ON-SITE FOOD 1 2 3

EMPLOYEE CHILDCARE 1 2 3
BART ACCESS 1 2 3
OTHER: _____

10. DOES YOUR ORGANIZATION CURRENTLY HAVE UNUSED SPACE THAT IT IS WILLING TO RENT OR SUBLEASE TO ANOTHER NONPROFIT? _____ YES _____ NO
IF YES, APPROXIMATELY HOW MUCH SQUARE FOOTAGE? _____

11. HOW MANY PEOPLE DOES YOUR ORGANIZATION SERVE AT ITS SAN FRANCISCO SITE(S) EACH DAY?

12. ABOUT WHAT PERCENT OF YOUR CLIENTS LIVE
_____ % IN YOUR ORGANIZATION'S NEIGHBORHOOD(S) _____ % OUTSIDE SAN FRANCISCO

13. WHAT ETHNICITIES IS YOUR ORGANIZATION SERVING? (PLEASE MAKE THE TOTAL 100%)?
_____ % AFRICAN AMERICAN _____ % NATIVE AMERICAN
_____ % LATINO _____ % ASIAN/PACIFIC ISLANDER
_____ % WHITE/EUROPEAN _____ % OTHER

14. WHICH OF THESE POPULATIONS IS YOUR ORGANIZATION SERVING? (CHECK ANY THAT APPLY)
_____ CHILDREN _____ ADULTS _____ DISABLED _____ HIV/AIDS
_____ TEENS _____ SENIORS _____ LOW-INCOME _____ HOMELESS

15. IF RENTS CONTINUE TO INCREASE, HOW LIKELY IS YOUR ORGANIZATION TO LEAVE SAN FRANCISCO WITHIN THE NEXT THREE YEARS?
NOT LIKELY AT ALL 1 2 3 4 5 6 7 VERY LIKELY

16. ARE THERE ANY SPECIFIC TYPES OF NONPROFITS WITH WHOM YOU WOULD LIKE TO SHARE A BUILDING?
_____ YES _____ NO
WHY? _____

17. IS IT ESSENTIAL TO YOUR ORGANIZATION'S MISSION AND/OR EFFECTIVENESS TO BE LOCATED IN A PARTICULAR SAN FRANCISCO NEIGHBORHOOD?
_____ YES _____ NO
WHY: _____

18. PLEASE PROVIDE ANY FURTHER COMMENTS, CONCERNS, AND/OR IDEAS YOU HAVE ABOUT THE ISSUE OF NONPROFIT SPACE NEEDS IN SAN FRANCISCO

Appendix C: Focus Group Protocol

Current Situation:

1. What is your current space situation?
2. What barriers, if any, have you encountered in addressing your space situation?
3. How is your Board engaged around this issue?
4. What are some of issues that you feel are unique to _____ neighborhood?
5. How, if at all, is this issue impacting your organization e.g. service delivery, staffing, community image, funding?
6. How are you covering your costs for space?
7. What has been your experience with property managers, owners over this issue?
8. On a scale of 1 to 5, with five meaning very worried, how worried are you about this issue?

Potential Strategies:

1. What kinds of responses to this issue do you support?
2. What kinds of assistance would be helpful to you?
3. One idea is a shared building concept (nonprofit campus). What are some pros and cons from your perspective?
4. Another option is purchasing a building – pros and cons?
5. Is relocating to another neighborhood an option for you? How about outside San Francisco?
6. What other solutions/ideas do you have?

CompassPoint Nonprofit Services	
<i>San Francisco</i> 706 Mission Street, 5 th Floor San Francisco, CA 94103 415.541.9000 415.541.7708 fx	<i>Silicon Valley</i> 1922 The Alameda, Suite 212 San José, CA 95126 408.248.9505 408.248.9504 fx
info@compasspoint.org www.compasspoint.org	

CompassPoint Nonprofit Services is a nonprofit consulting and training firm with offices in San Francisco and San José. The largest nonprofit management support provider in the country, CompassPoint holds workshops, provides consulting and conducts research in nonprofit management topics such as strategic planning, nonprofit financial systems, boards of directors, technology and Internet applications and strategies, program evaluation, organization development, and executive transition.