

Lessons Learned: Ten Years of Investing in Neighborhood Based Community Facilities

For over ten years, Washington, DC LISC has been investing in the acquisition, expansion, renovation and/or leasing of space for childcare providers, arts organizations, health centers, youth and senior services organizations and community and family life centers. On May 3rd, 2006, we gathered our nonprofit partners to reminisce about the joys and pains of their community facilities projects. Using their real life experiences we garnered these “lessons learned”.

- Stay connected to the community – listen to the needs/interests of the community.
- Get as much training for board and staff on how to undertake a community facility project before beginning the process.
- When beginning a facility project, the project should be a top priority for the board of directors and the organization.
- Think about the next project in advance, and not just when you have a space crunch.
- Cultivate sellers of space over a long period of time. Perhaps they'll sell at a discount or donate the property - or at least not sell it out from beneath you.
- Choose a competent and trusted development team and identify and solicit the guidance and advice of experts in relevant areas.
- Seek pro-bono counsel early; sometimes development does not always go well; it's helpful to have pro-bono counsel involved from the very beginning (e.g., contract negotiation)
- Utilize the expertise and sound advice of LISC before, during and after the project
- Plan comprehensively – thinking of both the new asset to manage as well as the mission driven program which created the need for the building.
- Think of the facility as a beginning – not an end
- Make sure your organization's house is in order – All charitable solicitations filed, business license in place, 2-year DC annual report filed – Test run a Certificate of Good Standing
- Expect problems to occur
- Manage the change that will occur as a result of the project
- Understand the shift from being a renter to being an owner of a building
- Trust your instincts - in spite of good architectural or project manager oversight, no one holds the organization's best interest like you do – weigh in.
- Architects and builder's can make a sow's ear into a silk purse, but make sure you need a silk purse and not something a bit sturdier and less expensive. Remind them that they are not building a museum, but a facility that will be heavily used, needs flexibility, and should be cheap to maintain and operate.
- Create a staff committee to participate in decisions related to design, furniture, space use, etc.
- Set move-in expectations carefully – timelines typically slip by 2-1
- Be flexible with timeline – delays in construction and fundraising are almost inevitable
- Be realistic about building contingencies into the budget
- Ask to value engineer – cut corners when practical – be willing to invest more when it makes sense for the long run
- Take photos along the way – how quickly we forget – donors and supporters love the story

*Lessons Learned: Ten Years of Investing in
Neighborhood Based Community Facilities (continued)*

- Recognize that supporters, funders and your community will get really excited about a new building, a new home, an investment in perpetuity and that their contributions will contribute to developing a real asset – it's a great story!
- Do try to solicit a few key donors to develop a core of support that will leverage future donors
- Take advantage of the opportunity to re-evaluate expenses, renegotiate with vendors, see the most cost effective bundling of internet, phone, etc.
- Don't be overly concerned about detracting from operating expenses – many funders have left & right pockets – some new funders may prefer capital! Don't overestimate this – protect your operating funds
- More space means more services. It's not one or the other. Funders like to see both proposals. And most groups grow to their new space sooner than expected.
- You don't have to raise all the funds before starting. Bridge financing can help get the project started, and visible progress can reinvigorate the capital campaign.
- Once planned, started, and managed well, capital campaigns can far exceed their fundraising goals.
- The city/government will contribute to a well conceived project. The red tape and process can be slow and bewildering, but it is possible to get funds and there is no substitute for free money.
- Banks and lenders watch their investment in your project, and another set of eyes help you monitor your project as well. Take advantage of their expertise in limiting your risk and managing your money.
- Budget for both rent and mortgage
- Don't underestimate telecommunication expenses – wiring, phone relocation, cabling, internet set-up, etc. Communication is key – it is essential to minimize down time.
- Don't move in before building is complete – you have the most leverage before you sign on the line
- Plan to establish and maintain a reserve fund from the beginning of the project
- Don't plan the opening too soon – Move-in takes longer than anticipated – especially the finishing touches such as art on the walls, landscaping and identifying the glitches – leaks, etc.
- It is important to time the opening so it coincides with the capital campaign
- A new facility can drastically improve the work environment for your staff