

# San Francisco Nonprofit Space Investment Fund Grant Program Guidelines July 2019



Community Vision (formerly The Northern California Community Loan Fund) announces the availability of capital grants to help nonprofits finance commercial real estate acquisition projects that create new, nonprofit-owned spaces. **Applications must be received by Noon (12:00 PM), October 1, 2019 to be considered. The online application system will shut down at Noon. Applications submitted after Noon (12:00 PM) or deemed incomplete will not be accepted.** Community Vision encourages applicants to submit their applications before the October 1<sup>st</sup> deadline so that any technical problems that arise can be resolved before the deadline.

All applicants are required to complete a consultation call prior to submitting the application. The consultation calls are available **between July 24 – September 5, 2019**. The last day to schedule a consultation call is August 30<sup>th</sup>. An LOI or purchase and sale agreement is not required to schedule a consultation call. It is the responsibility of the applicant to schedule the consultation call by the August 30<sup>th</sup> deadline, requests made after August 30<sup>th</sup> may not be accommodated. Information on how to register for a consultation call is available on the application [website](#).

San Francisco's Nonprofit Sustainability Initiative (NSI) deploys financial assistance, professional services, assessment tools and other resources to help stabilize nonprofits and overcome barriers to growth. Launched in 2015, the NSI is funded by the Office of Economic and Workforce Development and administered as a partnership between OEWD, the Mayor's Office of Housing and Community Development, and the San Francisco Arts Commission. Community Vision administers the Nonprofit Space Stabilization Program and Nonprofit Space Investment Fund, two of the programs within the NSI. The underlying objective of all NSI programs is to ensure access to quality of life resources as well as education, health and human services for residents of San Francisco.

The Nonprofit Space Investment Fund (NSIF), a program of the Nonprofit Sustainability Initiative, provides critical financial support to assist nonprofits in becoming owners of their facilities, and to expand the total amount of nonprofit-owned commercial space in San Francisco. To-date \$4.5 million has been awarded. It is anticipated that a minimum of \$2.4 million will be available for distribution in this round. NSIF grants can finance acquisition costs or an upfront payment for a long-term lease (55 year minimum) if the organization can demonstrate financial hardship exacerbated by the real estate market and urgency for the stabilization or relocation.

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Priority will be given to nonprofit organizations that:

- Are deeply rooted in low-income and historically underserved community(ies)<sup>1</sup> in San Francisco,
- Are facing significant financial constraints<sup>2</sup> within the nonprofit sector but have secured recent public or philanthropic investment,
- Can demonstrate support for their efforts from multiple sectors,
- Clearly identify how new clients and/or audiences will be acquired and existing beneficiaries served effectively by the proposed space, including administrative or office space, with a focus on retaining or engaging historically underserved communities, and
- Can demonstrate evidence of planning to identify and mitigate financial risk<sup>3</sup>.

Grants will be made on a competitive basis based on the overall program priorities described above and the particular program criteria outlined below. Applications will be reviewed by a racially and ethnically diverse panel selected for their knowledge of nonprofit finance and governance as well as their experience working with community-focused nonprofits and on capital projects.

## Timeline

The anticipated schedule is as follows:

<p>Application Workshops – Click <a href="#">here</a> for registration links.</p>	<p>July 23, 2019 2:30 PM – 3:30 PM San Francisco Public Library, Latino/Hispanic Room A/B 100 Larkin St, San Francisco</p> <p>August 1, 2019 10:00 AM – 11:00 AM Webinar</p>
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<sup>1</sup> Using both the Cultural Equity Endowment Legislation and the Grantmakers in the Arts “Racial Equity: Statement of Purpose,” historically underserved communities include: African, Latino(a), Asian, Arab, Native American, Pacific Islander, LGBTQ, People with Disabilities, and Women. Using the Community Development Block Grant eligibility guidelines, a low- and moderate-income person as a member of a family that has an income equal to or less than the Section 8 low-income limit established by HUD. Organizations that exclusively serve the following groups, presumed to be low-income, may also qualify: Abused Children, Elderly Persons, Battered Spouses, Homeless Persons, Severely Disabled Adults as defined by the Census Bureau, Illiterate Persons, Persons living with AIDS, and Migrant Farm Workers. The HUD income limits are available at: <https://www.huduser.gov/portal/datasets/il.html>

<sup>2</sup> Business models that constrain organizations’ ability to generate unrestricted operating revenue.

<sup>3</sup> These documents can include: multi-year operating projections that include contributions to a capital reserve, Executive Director succession plan, Board approved governance polices, a Board approved policy for making contributions and withdrawing funds from organizational reserves, and completion of a Capital Needs Assessment for the proposed acquisition.

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	August 21, 2019 5:00 – 6:00 PM Excelsior Branch Library 4400 Mission St, San Francisco
Consultation Calls	07/24/2019 – 09/05/2019
Last Day to Schedule a Consultation Call	08/30/2019
Last Day for Submitting Questions	5:00 PM 09/10/2019
Applications Due	Noon (12:00 PM) 10/01/2019
Target Date for Award Notification	12/02/2019
Grant Disbursement Deadline	06/30/2020

## **Program Eligibility Requirements**

- 1) In order to be eligible to apply for grant funds the applicant must meet all of the following criteria when the application is submitted:
  - a) Be incorporated and in good standing as a tax-exempt, 501(c)(3) corporation<sup>4</sup>.
  - b) The property must be located in San Francisco County
  - c) Demonstrate financial accountability by submitting the organization’s audit or IRS form 990 for the most recent three fiscal years (all grantees will be required to provide annual audits as an ongoing grant requirement), current year budget, and year-to-date income statement and balance sheet. Arts and cultural organizations may submit financial data from DataArts (formerly Cultural Data Project).
    - i) City contractors participating in the City’s joint monitoring process must submit copies of their Fiscal and Compliance Monitoring Reports for the past three years.
  - d) Demonstrate financial stability (except for the impact of the real estate market forces) for the previous three consecutive years as reflected by the absence of any significant unplanned operating deficit, a positive fund balance, and/or meaningful cash reserves.
  - e) Demonstrate organizational capacity by providing bios for the management team and Board of Directors that highlight their programmatic, financial, and management expertise.
  - f) Have an established track record of providing direct or indirect<sup>5</sup> services to members of low-income and historically underserved community(ies) in the City and County of San Francisco for at least the past three years. Organizations will be asked to provide:

<sup>4</sup> Real estate holding companies or developers are eligible to apply. The holding company and/or building tenants will be required to meet the eligibility criteria. Tenants must be 501(c)(3) tax-exempt corporations and LOIs will be required for 60% of the leasable square footage.

<sup>5</sup> Within the context of the Nonprofit Sustainability Initiative, indirect service refers to the provision of skills, knowledge, advocacy, and services with the intention of supporting a community or an organization(s) ability to fulfill its mission.

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- i) Evidence that the organization's mission and/or programs clearly identifies and prioritizes low-income and historically underserved community(ies).
  - ii) Documentation that the organization has a mechanism for program beneficiaries (primary and/or secondary<sup>6</sup>) to provide input that informs the organization's governance.
  - iii) Description of primary and/or secondary beneficiaries (clients, audiences, participants)
- g) Provide the number of clients and zip codes of neighborhoods served annually. Clients served should include primary and secondary clients.
- h) Provide a clear plan for community engagement to retain and/or recruit new primary and/or secondary participants as needed with a focus on historically underserved communities.
- i) Provide evidence or documentation (a memorandum of understanding or service contract) of up to three community partnerships and collaborations across multiple sectors (public/private partnerships, strong volunteer base, use of pro bono resources). **Letters of support are not considered documentation of a partnership.**
- j) Demonstrate how the proposed acquisition will contribute to improved financial and programmatic performance. The organization should address the urgency/need for the proposed acquisition to be completed within the next 6 – 9 months.
- k) Demonstrate a high degree of project readiness and technical capacity to plan, develop, and operate the proposed project. The following are required to demonstrate technical capacity and project readiness:
- i) Fully executed Purchase and Sale Agreement or Letter of Intent.
  - ii) Description of anticipated renovations (if any).
  - iii) List of the current members of the project team along with descriptions of their relevant experience/credentials.
  - iv) Sources and uses budget for the project that includes estimates for any planned predevelopment and renovation expenses. If the property acquisition is part of a larger project and another entity is the developer, a sources and uses for the entire

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<sup>6</sup> Primary clients receive the bulk of services or resources. Secondary clients receive minor services or are impacted through the ripple effect of the organization's work. (For example, a Counseling Agency's primary clients could be youth receiving counseling services and its secondary clients could be family members that receive minor support services. For a Capacity Building Agency, primary clients could include nonprofit staff & board members registered for workshops and secondary clients could be clients served through the nonprofits that are supported.)

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- development is also required. Developer fees, if applicable, must be consistent with the maximum allowed by other funding sources included in the sources and uses budget. The budget will need to include a contingency. Contingencies vary from 10% – 20% depending on the type and scale of the renovation. An industry standard is 15%.
- v) If acquisition financing includes New Markets Tax Credits (NMTCs), organizations will be required to provide Letters of Interest or Reservation Letters from Community Development Entities (CDEs) for the amount of allocation required to complete the project. Priority will be given to groups with Reservation Letters.
  - vi) Development timeline that demonstrates the ability to complete the acquisition by June 30, 2020 and supports the proposed construction start date.
  - vii) Fundraising plan or strategy to raise any uncommitted funds included in the project budget. The fundraising plan should include the following components: fundraising team, feasibility analysis showing the ability to raise the funds, timeline for raising funds, and status of pledges/commitment to-date. If the applicant plans to lease space to a nonprofit tenant, a financing plan showing the tenants strategy to raise funds to complete the tenant improvements will be required.
  - viii) Three-year organizational operating budget including ongoing operating expenses related to the acquisition, capital reserve contributions, and debt service payments (if applicable).
  - ix) If an organization is purchasing a parcel in a larger development and another entity is managing the build-out, the grant must be disbursed at the start of construction or after construction is completed.
  - l) If co-location is a goal of the project, a list of potential partners/stakeholders<sup>7</sup>. Applicants will also be asked to address how co-location meets any or all of the following goals:
    - i) Below market or stabilized rents.
    - ii) Reduced cost and/or higher quality shared services & amenities.
    - iii) A level of intentional collaboration between organizations.
    - iv) Centralized services or program offerings.
  - m) The proposed project does not result in a decline in employees or program activity within San Francisco.

## **Grant Disbursement and Ongoing Program Requirements**

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<sup>7</sup> Applicants will need to provide Letters of Intent for 60% of the leasable square footage.

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- 1) After a NSIF grant has been awarded, the Grantee must meet all of the following criteria in order for funds to be disbursed. Grantees will be expected to comply with these criteria throughout the compliance period:
  - a) The project's proposed development budget must conform to real estate industry standards for acquisition and development costs per square feet and will need to include a contingency.
  - b) An operating budget that includes reserves, sufficient to ensure the long-term viability of the project.
  - c) The Grantee must provide evidence of sufficient funding to complete the acquisition.
  - d) The Grantee must provide evidence of completion of relevant due diligence (appraisal, environmental reports, physical needs assessment).
  - e) The Grantee must provide a sources and uses budget inclusive of all project costs, including a detailed construction budget (if applicable) and a viable financing plan to complete the project.
  - f) The Grantee must guarantee compliance with the nonprofit use restriction for the 30-year compliance period. A deed of trust and use restriction will be recorded as a lien on the property.<sup>8</sup>
  - g) All NSIF properties are deed restricted for nonprofit use. If the Grantee plans to lease space, the tenant must be a tax-exempt, 501(c)(3) corporation with priority to organizations that serve low-income or historically underserved communities in San Francisco or serve the organization's tax exempt purpose. As the grant administrator Community Vision has approval rights, which will not be unreasonable withheld, for any lease executed during the 30-year compliance period.

## **Review Criteria**

- 1) Grant requests will be evaluated on the following basis:
  - a) The project will create new, commercial, nonprofit-owned space<sup>9</sup>.
  - b) Priority will be given to organizations and projects that align with the five program priorities:
    - i) Are deeply rooted in low-income and historically underserved community(ies)<sup>10</sup> in San Francisco,

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<sup>8</sup> If the Grantee is using New Markets Tax Credits to finance the acquisition of the property, the deed of trust and use restriction can be recorded on the leasehold interest of the Grantee to the QALICB during the compliance period if the lien automatically transfers to the Property upon the dissolution of the QALICB.

<sup>9</sup> If the prior owner is a nonprofit, including a religious institution, the project is ineligible for funding.

<sup>10</sup> Using both the Cultural Equity Endowment Legislation and the Grantmakers in the Arts "Racial Equity: Statement of Purpose," historically underserved communities include: African, Latino(a), Asian, Arab, Native American, Pacific

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- ii) Are facing significant financial constraints<sup>11</sup> within the nonprofit sector but have secured recent public or philanthropic investment,
  - iii) Can demonstrate support for their efforts from multiple sectors,
  - iv) Clearly identify how new clients and/or audiences will be acquired and existing beneficiaries served effectively by the proposed space, including administrative or office, with a focus on historically underserved communities,
  - v) Can demonstrate evidence of planning to identify and mitigate financial risk<sup>12</sup>.
- c) The extent to which the project will address an urgent need. Urgency is evaluated based on the project timeline, need for funding (is the grant a critical component of project financing), and the impact of the project on service delivery and financial performance.
- d) The applicant can demonstrate that it has or will be able to develop the technical capacity to successfully complete the project in the proposed timeframe, meet fundraising goals, manage a real estate asset, and continue to meet programmatic deliverables.
- e) If the applicant will offer co-location opportunities, the extent to which leasing improves the financial performance of the applicant, increases access to long-term affordable space for other community benefit organizations, or improves programmatic efficiencies/collaboration.

## **Grant Fund Policies**

- 1) Grant proceeds can exclusively be used to fund property acquisition. An upfront payment related to a long-term lease (55-year minimum) is an eligible use of grant funds.
- 2) Grant funds must be used to create new, commercial nonprofit-owned space in San Francisco County.
- 3) The maximum capital grant award is the lesser of \$1 million or 25% of the acquisition cost<sup>13</sup>.

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Islander, LGBTQ, People with Disabilities, and Women. Using the Community Development Block Grant eligibility guidelines, a low- and moderate-income person as a member of a family that has an income equal to or less than the Section 8 low-income limit established by HUD. Organizations that exclusively serve the following groups, presumed to be low-income, may also qualify: Abused Children, Elderly Persons, Battered Spouses, Homeless Persons, Severely Disabled Adults as defined by the Census Bureau, Illiterate Persons, Persons living with AIDS, and Migrant Farm Workers. HUD income limits are available at: <https://www.huduser.gov/portal/datasets/il.html>

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<sup>12</sup> These documents can include: multi-year operating projections that include contributions to a capital reserve, Executive Director succession plan, Board approved governance policies, a Board approved policy for making contributions and withdrawing funds from organizational reserves, and completion of a Capital Needs Assessment for the proposed acquisition.

<sup>13</sup> If this award is supplementing other City funding, the award may not cause the total City funding to exceed 90% of the costs of the Project up to \$2 million and 50% of the portion of the Project that is in excess of \$2 million.

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- 4) Organizations may apply for one project per round. Organizations previously awarded a NSIF grant must fully expend their grant funds prior to applying for a new grant for another site. Each project will need to provide new, nonprofit-owned space to 501(c)3 organizations.
- 5) If an organization is not awarded funding they are eligible to reapply in one subsequent round for the same site.
- 6) If an organization is selling a property in San Francisco and using the proceeds to purchase a new property in San Francisco, the grant will be pro-rated based on the increased square footage. If the acquisition results in a reduction in square footage, the organization is ineligible to apply for funding.
- 7) If an organization is awarded NSIF funding and leases space in the property, tenant(s) is/are ineligible apply for a Nonprofit Space Stabilization Program financial assistance award.
- 8) NSSP grantees can apply for a NSIF grant for the acquisition of the same space they received NSSP funding for if the NSSP grant is fully disbursed. The NSIF grant may be reduced by the amount of the NSSP award.
- 9) All applicants are required to complete a 15-minute consultation call between July 24, 2019 – September 5, 2019 to receive individual feedback on applications. Instructions on how to sign up for the call are available at the application website.
- 10) Grant funds will be disbursed on or after the close of escrow. Organizations that acquired their property after June 30, 2018 are eligible to apply.
- 11) Grantees must demonstrate 100% Board giving as a pre-disbursement requirement.
- 12) Once a grant commitment is made all grant conditions must be met and the grant must be closed and funded within seven (7) months. *Grant terms and conditions will be set by a Selection Committee and determined on a case-by-case basis but, in all cases, grant funds may only be used for eligible expenses.*
- 13) Grantees will be expected to comply with the grant terms throughout the 30 year compliance period. *Compliance will be determined by Community Vision and the City and County of San Francisco, at its discretion. Remedies for non-compliance will be determined by Community Vision and the City and County of San Francisco with the understanding that recovery of the grant is a potential remedy.*
- 14) Organizations that require membership in a certain religion or advance a particular religious faith are ineligible to apply. Faith-based organizations may be eligible if they welcome and serve all members of the community regardless of religious belief.



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Applications are available at: <https://communityvisionca.org/sfsustainability/>

**Applications must be received by Tuesday, October 1, 2019 at Noon (12:00 PM) to be considered. The online application system will shut down at Noon.  
Applications received after Noon (12:00 PM) or deemed to be incomplete will not be accepted.**

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