

Survey Results:  
Facilities needs of nonprofit organizations in the  
seven-county Denver metropolitan area

- Executive Summary -

*Prepared by*

Nonprofit Finance Fund (NFF) and  
Technical Development Corporation (TDC)

*Funded by*



Rose Community Foundation

#### About Nonprofit Finance Fund (NFF)

NFF was established in 1980 and is now one of the nation's leading community development financial institutions (CDFIs). NFF serves nonprofits in Chicago, Massachusetts, New York City, New Jersey, the Greater Philadelphia area, the San Francisco Bay area, Washington, DC, Detroit, and organizations nationwide through its partnership-based National Alliances Program. NFF provides a range of financial tools and advice to help nonprofits grow and thrive as businesses while honoring their mission. It provides the kind of money and advice that nonprofits typically cannot get from other sources. NFF makes loans for facilities projects, such as new construction, leasehold improvements and relocation, and for other growth-related needs, such as working capital. NFF also provides workshops and consultations to help nonprofits plan and evaluate their projects. To date, NFF has made 300 loans totaling more than \$51 million in support of more than \$200 million in projects and served 7,000 organizations. For more information, please visit [www.nonprofitfinancefund.org](http://www.nonprofitfinancefund.org).

#### About Technical Development Corporation (TDC)

TDC, a nonprofit organization, is one of the country's oldest and largest providers of technical assistance and management consulting services. For over 35 years, TDC has worked exclusively with nonprofit, governmental, educational, and philanthropic organizations, providing them with business and management skills critical to carrying out their missions effectively. They have worked with hundreds of organizations at the local, regional, and national levels, providing services and programs in education, health and human services, community development, and the arts. TDC possesses a strong track record in facilitating successful, challenging and highly complex assessment, planning, and organizational change processes for a wide range of clients, including institutions of higher education, cultural and historic organizations, and social service providers.

#### About Daniels Fund

Founded in the year 2000 through the generous legacy of cable entrepreneur Bill Daniels, The Daniels Fund works to provide a better life and greater opportunities to communities and individuals in Colorado, New Mexico, Utah, and Wyoming. As of early 2002, the Fund has launched the Daniels College Prep and Scholarship Program and the Daniels Fund Grants Program in Colorado, New Mexico and Wyoming. Programs will begin in Utah later this year. In Colorado, the Daniels Fund Grants Program currently provides funding in the areas of child care/early childhood education and educational initiatives, and will eventually expand to reach five additional areas designated by Bill Daniels. Please visit [www.danielsfund.org](http://www.danielsfund.org) for more information.

#### About Rose Community Foundation

Rose Community Foundation (RCF) makes grants throughout the seven-county Denver metropolitan community in the areas of Aging, Child and Family Development, Education, Health and Jewish Life. RCF was established in 1995 with proceeds from the sale of Rose Medical Center. Since its inception, RCF has awarded more than \$58 million in grants to improve the quality of life of the Greater Denver community. In addition, RCF's Donor Services Department works in partnership with individuals and families to develop their charitable giving programs. To learn more, visit [www.rcfdenver.org](http://www.rcfdenver.org).

# NONPROFIT FACILITIES IN THE DENVER/BOULDER COMMUNITY EXECUTIVE SUMMARY OF A MARKET ASSESSMENT

Presented by  
Technical Development Corporation – Boston  
The Nonprofit Finance Fund – New York  
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## GOAL OF THE MARKET ASSESSMENT

The goal of the assessment was to provide information, analysis and recommendations to help the larger Denver/Boulder philanthropic and nonprofit community determine how it can address the broad facilities needs of nonprofits in the seven-county greater Denver metropolitan area.

## METHODOLOGY

Survey – Received and analyzed surveys from 254 organizations. 29% response rate.  
Interviews – Reached over 40 organizations via telephone and in-person interviews.  
Focus Groups – Spoke with 30 attendees from Boulder, 58 from Denver.  
Case Studies – Looked in-depth at 14 Jewish and 13 senior-serving agencies.  
Reached over 300 organizations between May and October 2001.

## KEY FINDINGS

- **In the past decade, the nonprofit sector has grown dramatically.** Statewide, the sector has grown 460%, surging from approximately 3,000 to just under 14,000 organizations. An analysis of 501(c)(3) IRS 990 forms reveals a total of 3,260 nonprofit organizations in the Denver/Boulder area. The largest subsectors are human services (31%), education (20%) and public benefit (18%). A close look at the data also reveals that 76% of these nonprofit organizations are small, with annual budgets under \$250,000.
- **A high percentage of nonprofits are facing space constraints.** Seventy-seven percent of the nonprofits responding to the survey are operating at or over space capacity. Of the organizations surveyed, 88% believe that their client population will increase in the next five years; 60% of these organizations believe that their current facility will not meet their anticipated needs in the next five years, with the most resounding reason being not enough space for future programs and client services. Major facility concerns most often cited include the quantity, cost, quality and location of space. Fifty percent of surveyed organizations had looked for new facilities in the last two years, and over half of these did not find suitable space.

- **Organizations in certain subsectors are more reliant than others on their facilities to fulfill their missions.** Sometimes this leads to a higher level of facilities-related knowledge among those working in these subsectors (i.e. housing, childcare, charter schools), but this is not always true. By and large, the level of facilities sophistication varies and tends to be more correlated with size than subsector.
- **The majority of organizations surveyed are not prepared to undertake a facilities project.** Sixty-four percent of organizations surveyed do not have a facilities plan and 56% do not have a reserve fund to address building needs. When asked about the type of help they might need, respondents cited the following as most important: funding a facility project; how to manage a capital campaign; planning a facility project; managing organizational growth; and fundraising.
- **Most organizations leverage in-house resources to address facilities needs.** The majority of organizations consulted leverage resources from their board of directors and their senior management. Some form ad hoc committees to deal with real estate issues, many network with other nonprofits who have recently undertaken a similar project and some are leveraging volunteers to complete facilities projects, such as renovations. Only a minority seeks outside consultants to help. Most cite cost as the key factor.
- **The barriers to nonprofits accessing or acquiring appropriate facilities are significant.** Seventy-three percent of nonprofits believe they cannot pay more than \$15 per square foot for space. Until recently, the average Class B rental price in Metro Denver was considerably higher. The redevelopment and gentrification of vacant lots and formerly marginal buildings in many neighborhoods has pushed prices higher and left little affordable space for rental or purchase to nonprofits serving low income populations, particularly in central locations. While the price of office space on a per square footage basis has declined over the past year, what is available does not always match the specific criteria for program space. In Boulder, green space policies further restrict land use, reducing the supply of suitable property and thus increasing prices.
- **Many nonprofits are willing to share space.** Seventy percent of surveyed organizations are willing to share space with similar nonprofits, but most are not sure how to proceed to do so, and are looking for leadership on this idea. Boulder-based organizations appear to be even more enthusiastic about this possibility than their Denver-based colleagues, citing the many advantages of creating a campus for nonprofit organizations in their community.
- **A large number of capital campaigns are currently planned or are underway in the Denver/Boulder area.** Forty-nine percent of surveyed organizations have recently completed or are currently undertaking a facilities related project; 46% anticipate a major capital campaign for facilities within the next five years, and 54% of these campaigns will be to acquire new space. Post 9/11 follow-up calls to survey

respondents anticipating capital campaigns reveal that 71% are continuing their campaigns at the same level.

- **Most nonprofit and funder stakeholders involved in the study expressed an aversion to using debt for facility projects.** Nonprofits' fears seemed to stem from a lack of experience using debt for facilities projects and a fear that they would not be able to pay back debt. There is also a widely held perception that funders do not look favorably upon debt when considering grants. Despite these concerns, many of those surveyed and interviewed, especially larger nonprofits, have working relationships with local lenders who are willing to work with the nonprofit community.
- **There is a lack of technical assistance/infrastructure to support facilities projects.** Technical assistance in the Denver/Boulder area is primarily provided by one of four providers - the Colorado Association of Nonprofit Organizations, the Community Resource Center, Metro Volunteers or the Colorado Nonprofit Development Center – or by individual consultants. While these organizations do offer technical assistance on varying topics, overall the focus tends to be on small or start-up organizations, and on more basic issues such as building a board, financial planning and fundraising. In addition, the format seems to be more focused on training or workshops rather than on consultation, which is perceived to be more desirable to many nonprofits that TDC interviewed.
- **Overall, the Denver/Boulder nonprofit community has not comprehensively dealt with the issue of facilities.** This study appears to be one of the first vehicles for convening nonprofits to talk about facilities. Nonprofits participating in focus groups encouraged continued dialogue on the subject.

## OPPORTUNITIES

- **Convene the nonprofit community.** The outcomes or goals of convening on facility issues could include:
  - Define success and educate the community on facilities. All nonprofit community stakeholders need to have a common language when talking about facilities and the longer-term financial and operational implications of facilities projects.
  - Advocate for capital dollars. Just as the foundation and nonprofit community has taken a leadership role regarding encouraging individual giving, it might also focus on cultivating municipal and county entities, the state legislature, corporations and other invested parties to help increase the total dollars available for capital.
  - Assess the technical assistance infrastructure to address the need for facilities related assistance. Nonprofits currently report needing this

advice, but the current array of providers does not offer assistance in an affordable or convenient format. There is an opportunity to work with local technical assistance providers to build the capacity to meet these needs.

- Investigate best practices in order to explore the establishment of a facilities program similar to what is available in other communities across the country. Some examples of best practices are:
  - Sector-focused funds - Childcare facilities funds in San Francisco, Chicago and Massachusetts
  - TA and loans - The Nonprofit Finance Fund
  - Health and human services campus - The Foundation for Seacoast Health in Portsmouth, New Hampshire
  - Shared space model - Community Services Center Program of the Donald W. Reynolds Foundation in Las Vegas, Nevada
  - Foundation convening – Arts funders in San Francisco