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non-profit brokerage

For non-profits, a thoughtful process works: Taking time to deliberate leads to better decisions

gg George Grace

G.E. Grace
& Co., Inc.

Time is money for real estate brokers, and the quicker a deal gets done the better. Nonprofits, on the other hand, require a more thoughtful process because they have a larger constituency—more people to please. Taking time to deliberate over decisions more often than not leads to better decisions. Perhaps for-profits (and their brokers) could learn a thing or two.

G. E. Grace and Co. was hired by

the New York City Mission Society to perform a strategic assessment of their real estate holdings and recommend which properties to hold and which to sell, if any. The Society owned three major facilities and had rights to a fourth. We focused on three of their assets: their administrative headquarters; a 1,600 acre camp in Dutchess County, N.Y.; and their community center in Central Harlem.

According to the Society's web site, "New York City Mission Society is a lifeline to 10,000 individuals each year in communities of long-standing need in Harlem, the South Bronx and Brooklyn." Their mission is, "to help children and families to learn, achieve and succeed," through programming that focuses on education; personal growth and development;

arts and recreation; and prevention. The Society has been in existence for nearly 200 years and describes itself

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as "a force for positive change in the lives of New Yorkers in need."

For G.E. Grace, formulating the best strategic plan as their real estate advisor would serve as a foundation

for another 200 years of service. Getting it right was of the utmost importance for the board of directors and the executive director.

We started by analyzing each asset and determining its function, importance and value to the organization. Their community center was critical because that was the primary place where services were provided. The building is heavily used and is subject to a good deal of wear and tear. Repairs were needed for this facility.

The other facility that, until recently, provided services was the Society's camp in Dutchess County. The camp had been bought in the 1920s and was greatly expanded in the 1950s. Several of the board members had gone there as children. It was highly valued—for emotional

reasons more than practical ones. The cost of running a camp for eight weeks in the summer was very high; the property and buildings needed to be maintained year round. Other groups used the camp off-season, but the rent did not cover the cost of operation and insurance.

The Society hired an independent camp consultant to determine the camp's efficiency. We undertook an evaluation of the property. The result of our analysis showed that hundreds of thousands of dollars would be saved by selling the camp. And of course the Society would receive income from the proceeds of the sale. The large savings and the increased income would allow the organization to expand its program where it was needed most—in the poorest neighborhoods of New York City. With the help of the camp consultant, we were able to show that if camping became part of the Society's services, it could be done at a much lower cost on a much smaller piece of land. For those board members who felt strongly about keeping the camp, this held out hope that camping may again become part of the Society's agenda.

With the help of a local expert, the property was marketed. After a few months, we received several offers that we negotiated. The camp was eventually sold to a local developer. The timing was fortuitous for the Society. The sale was made before the recent turbulence in the financial and real estate markets, and before the income could be invested. Now they have the resources to greatly improve their center in Harlem.

The process was deliberate and time-consuming, and in the end, the Society accomplished its goals. The process was inclusive and satisfying for all. The Society's constituency was heard and their concerns were addressed. The agreed-upon course of action was implemented and the results were highly successful. All transactions should be so good!

George Grace is the founder of G.E. Grace & Co., Inc., New York, N.Y.

Manhattan by Shapiro

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Many vulture funds (including Black Rock) are out there now looking to purchase bad debt from the larger financial institutions. Albeit at a significant discount, the influx of any capital and the capability to raise new capital will eventually trickle down and financing restrictions will ease. Interest rates will trend upwards and banks will become profitable again. This ease will lead to the return of financing additional product types.

Robert Shapiro is a senior director of sales at Massey Knakal Realty Services, Manhattan, N.Y.

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232 Madison Avenue, New York, NY 10016 ■ grace@gegrace.com ■ (212) 486-4100