

BIDWELL ADVISORS

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Real Estate Gifts: An Important Component of Campaigns in Challenging Economic Times

Concerns about the economy and its effect on the fundraising environment are causing a heightened level of anxiety about the fate of campaigns – those in the planning stage, those in a quiet phase, and those that have announced and are worried about hitting their targets. Consequently, there is a growing openness at many institutions to trying out new approaches to campaigns – whether capital, comprehensive, major gifts, special projects, etc. One of the new approaches increasingly being incorporated into campaigns is the direct solicitation of real estate gifts in various forms.

Over 35% of the nation's private wealth is in real estate, which leads some authorities to project that over \$12 trillion of privately-held real estate will change hands inter-generationally in the next 45 years. Yet real estate gifts – even with a dramatic increase in recent years -- represent only about 3% of charitable giving.

Many non-profits have become quite proficient at attracting substantial real estate gifts, by combining effective risk management strategies with various approaches to attracting real estate donors. A real estate gifts survey conducted by the National Committee on Planned Giving, as reported in the Fall 2008 issue of *The Journal of Gift Planning*, reports that 13% of institutions responding received over 10% of their total contributions as real estate gifts over the previous three years, as measured in dollars. The same survey tells us that over a quarter of all respondents anticipate that real estate gifts will be increasingly important to the success of their campaigns in the future.

At the same time, evidence is growing that uncertainty in real estate markets is motivating some property owners to seek creative ways to charitably dispose of certain properties rather than themselves managing the process of selling their property. Depending on the particular circumstances, a range of gift arrangements might be very attractive to a property owner looking to find someone else to market their property: an outright gift of a property (such as a vacation home), a gift of a property to fund a charitable remainder trust or charitable gift annuity, or a bargain sale of a property. When proper screening methods and rigorous due diligence procedures are in place, lucrative real estate gifts can be a by-product of these troubling times in real estate markets.

Taken together, these trends suggest that numerous institutions planning or executing campaigns of various sorts are increasingly interested in learning how to better attract a portion of the enormous real estate wealth transfer that will continue to take place in the months and years ahead.

SERVICES OF BIDWELL ADVISORS

Bidwell Advisors offers comprehensive real estate gift services to non-profit organizations, including institutions seeking to increase the role of real estate gifts in capital campaigns. These services are often aimed at institutions that have historically received only occasional real estate gifts but that now recognize

the need to become capable of more purposefully seeking out lucrative real estate gifts. Bidwell Advisors either provides these services directly or in collaboration with a fundraising consulting firm or a foundation funder of campaign planning.

Assessing real estate gift potential

By focusing on a known profile of typical real estate donors, Bidwell Advisors can help steer prospect research efforts toward identifying prospects that would be particularly inclined to consider certain types of real estate gifts. This assistance can be undertaken as a free-standing exercise or as part of a campaign feasibility study.

Assessing an institution's readiness to seek out and process real estate gifts

Based on emerging best practices in the field, Bidwell Advisors can offer an initial assessment of an institution's readiness to undertake an upgraded real estate gift program. This involves a review of existing gift acceptance policies and procedures, a survey of marketing materials, an examination of recent and past real estate gifts and unrealized gift prospects, and a survey of relevant expertise and capacity in the organization's current staffing pattern. This assessment generally yields a series of recommendations regarding steps to be taken in order to increase responsible real estate gift activity.

Building capacity for real estate gifts

Bidwell Advisors' services are aimed at developing the capacity of an institution to attract, structure and close real estate gifts in a responsible manner. These services typically include:

- Real estate gift acceptance policies and procedures. It is important to assure that the Treasurer's office, general counsel, development office and key trustees are in agreement as to types of real estate that will be accepted, gift vehicles suitable for real estate, real estate gift minimums, due diligence and other risk management approaches, and the distribution of responsibilities within the institution for various aspects of the real estate gift review and acceptance process. Bidwell Advisors will facilitate the process of reaching agreement on these issues and documenting these agreements.
- Training. Bidwell Advisors provides training on all aspects of real estate gifts to gift officers, senior management, trustees (especially development committee and campaign committee members), prospect research staff, and affiliated professional advisors.
- Leadership gifts. Solicitation and closing of a real estate gift from a trustee or another prominent friend of the institution is often the best way to jump-start an institution's real estate gift initiative. Experience shows that in many instances, such a gift has been "sitting across the board table" for years, waiting to be developed.
- Marketing. Bidwell Advisors can assist with the development of marketing messages appropriate to the motivations of real estate donors, and help develop a comprehensive marketing program designed to "plant the seed" in a variety of ways in multiple forums and media.

- Prospect research. Bidwell Advisors assists prospect research teams pinpoint prospects that fit the profile of likely real estate donors

Real estate gift transaction assistance and management

Bidwell Advisors can become engaged selectively or comprehensively in the process of working with a potential real estate donor and their advisors. This involvement can include assistance with gift structuring and presentation of alternative gift scenarios, drafting of gift proposals and gift acceptance letters, coordination of due diligence investigations (environmental, title, real estate market conditions and value implications), coordinating gift closing, and management of the sale of the property.

ABOUT BIDWELL ADVISORS

Bidwell Advisors was founded in 2001 by Dennis Bidwell, who draws on over twenty-five years of real estate and development experience in advising non-profit organizations and their prospective donors on matters involving real estate gifts. He was National Director of Land Protection for American Farmland Trust for 11 years, and served as vice president of Leggat McCall Advisors, a Boston real estate consulting and appraisal firm, for 7 years. Dennis served as development officer at the National Trust for Historic Preservation, and program officer at Associated Grantmakers of Massachusetts. He is a graduate of Dartmouth College, and has an MBA from Boston University and a M.Ed. from Harvard University.

Representative Clients

Educational Institutions

- Amherst College
- Loomis Chaffee School
- Middlebury College
- Mount Holyoke College
- Northwestern University
- Northfield Mount Hermon School
- Tufts University
- University of Denver
- Wellesley College

Other Non-Profit Organizations

- Berkshire Taconic Community Foundation
- Boston Foundation
- Cooley Dickinson Hospital
- Dakin Pioneer Valley Humane Institute
- Dana Farber Cancer Institute
- Elderhostel
- Kendal Corporation
- Unitarian Universalist Association

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