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Three Reasons to Engage Your Board of Directors about Real Estate Gifts

By Dennis Bidwell

As I work with non-profits around the country, helping them attract and structure charitable gifts of real estate, I am finding more and more of them choosing to engage their board of directors in the real estate gift process. Here's why.

First, a very large majority of real estate donors fit this profile: people over 65 years of age who own multiple properties (generally residential), often scattered geographically, whose children (if they have any) are otherwise taken care of in their estate planning, and who have a charitable interest in the institution. (See this article for more on this.) In my experience, that's not a bad description for many a trustee at a college or university or hospital or museum, etc. For this reason, I'm seeing presentations made at board meetings, or at development committee or campaign committee meetings, simply because **that's where some of the very best prospects for such gifts are gathered in one place.** At such meetings I've sometimes been asked to present a hypothetical case study whose fact pattern was eerily similar to the circumstances of a particular board member in attendance. Furthermore, once such a board member (or former board member, or advisory committee member, or long-time close friend of the institution) recognizes the reasons for gifting, rather than selling their unused vacation home, they often are more than happy to have their gift experience broadcast far and wide as an example of giving real estate.

Planned giving pioneer John Brown was fond of saying: *"At the table of every Board meeting sits at least one potential real estate gift. It's just that no one has ever connected the dots."*

Second, board members and other close friends of an organization often travel in circles where they'll encounter people contemplating disposing of an unused second home, or an investment property. When a trustee of your organization, in a cocktail party conversation, learns that his or her friend is, say, getting ready to put their Nantucket home on the market, **it's important that at that moment they suggest that rather than immediately listing the property, would they mind a brief conversation with someone in the development office about a more tax-advantageous way of parting with the property** that would also provide enormous benefit to the institution? The trustee need not be an expert on the tax treatment of various giving vehicles. But it is important that they recognize an opportunity staring them in the face and be ready to suggest a friendly next step.

And finally, successfully incorporating real estate gifts into an organization's development program depends on institution-wide buy-in. It's important that revised gift acceptance policies (see article here on gift acceptance policies for real estate gifts) that incorporate best practices regarding real estate gifts be run past the board not just for purposes of pro forma approval, but also because board members need to understand the magnitude of the real estate opportunity and why the organization has decided to pursue real estate gifts. Also, should there be resistance to real estate gifts in, say, the finance office or the office of the general counsel, it's important that those offices understand that the Board of Directors has endorsed the initiative.