

Fund allows projects to be test-driven

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Launching a program or project without adequate preparation can be a recipe for disaster.

But many nonprofits have a tough time finding the money to pay for the studies or other leg work needed to make sure their programs or projects succeed.

That has changed somewhat in Philadelphia and the other areas served by the Nonprofit Finance Fund, which provides nonprofits with low-interest loans and financial and management consulting services.

The Treasury Department last month awarded the fund \$1.9 million to create a pre-development loan pool and work with the nonprofits that get loans from it.

The NFF expects to make about 20

loans from the pool over the next three years, said Garvester Kelley, the vice president in charge of its mid-Atlantic region, who is based in Philadelphia. The loans will range from about \$25,000 to \$300,000 and average about \$100,000, Kelley said.



Kelley

In addition to Philadelphia, the NFF has offices in Boston, New York, Newark, Washington, Detroit and San Francisco, but won't allocate money from the pool to locations based on their size, Kelley said.

"Typically, with our loan pool, it's first-come, first-served and we see in Philadelphia the need for these types of funds and it will really help our clientele," he said.

Nonprofits that do such things as provide affordable housing have had an easier time getting pre-development loans than their counterparts whose projects don't involve real estate, Kelley said.

One reason is that they can secure the loans with real-estate. The pool

that the NFF is establishing will make nonsecured as well as secured loans, Kelley said.

For nonprofits with a real-estate focus, pre-development funding is critical. That's because they have to satisfy a variety of legal obligations, such as permit requirements and environmental tests, before they can start constructing new housing units or rehabilitating old ones.

But nonprofits that are launching new programs to serve their constituents also can be well served by pre-development funding, not only to reinforce their perception that there's a need for the programs, but also to make sure that the programs will reach the people they are supposed to reach in the most efficient manner possible.

Pre-development loans are "just another tool for organizations that are looking to expend capital," Kelley said.

Nonprofits interested in information about the pre-development loan pool should contact Cassandra Archbold, who heads up lending at the NFF's Philadelphia office, at 215-546-9426.

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