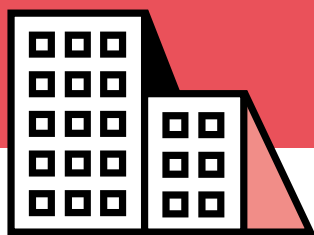


HELPING PC(USA) CHURCHES NAVIGATE THEIR ECONOMIC FUTURE

HOW TO DEVELOP WELL



**A GUIDE TO HELP
CONGREGATIONS WORK WITH
A PROPERTY DEVELOPER**





Kngdm Group is a majority black-owned real estate developer focused on empowering urban neighborhoods threatened by explosive growth and gentrification. They aim to create partnerships that are FAIR for all parties, building equity for our investors and our communities. They build real estate and invest in people to not just revitalize a community, but to break cycles of poverty and drive wealth creation both locally and for their investors.

This tool was developed in collaboration with PC(USA) and RootedGood, with this version produced in May, 2024

RootedGood worked with a diverse range of stakeholders in the PC(USA) denomination to modify this tool so it is oriented to the particular polity, constitution and ethos of the PC(USA) denomination.

RootedGood is grateful for the contributions from Kngdm group in the development of this tool

INTRODUCTION

The purpose of this tool is to build confidence and capacity for those that are considering developing church property.

This is truly a pivotal and unique moment where a congregation can reimagine how best to further mission in their community. If you are a congregation seeking to develop your property, this is a framework to help you determine what is most important for you and how to structure a relationship with a developer.

This tool will help generate good conversations within the congregation so that members and leaders will be able to:

- ★ Understand what matters most to you
- ★ Partner with your presbytery
- ★ Come to a shared sense of priorities
- ★ Recognize the complexities in developing a church property
- ★ Be able to begin fruitful conversations with developers

HOW TO USE THIS MULTI-STEP TOOL

Use this tool to illuminate assumptions and expectations that may not be known or shared and to generate good conversation within your group. This will help you make key decisions in discerning how to develop and work well with a developer.

We recommend working through this tool with a small team of between 3 and 7 people. You could use multiple copies so everyone can easily follow along. However, make sure that one copy is consistently used for filling in the relevant sections (you might want to appoint a scribe). We suggest that key clergy and lay leaders are part of the team, along with any individuals involved in finance, as well as those involved in care of the buildings and property.

Consider appointing a facilitator to lead the group discussion in order to keep the conversation moving forward and to ensure that all voices are heard. We strongly recommend that the facilitator or leader read through the whole tool before the team meeting.

PROPERTY AS A TOOL FOR MISSION

The property of the Presbyterian Church (U.S.A.), of its councils and entities, and of its congregations, is a tool for the accomplishment of the mission of Jesus Christ in the world.*

*G-4.0201, Book of Order 2023/2025, p. 64.

DISCLAIMER

This tool is NOT a replacement for professional assistance (legal, accounting, owners' representation, etc.) that will be important to secure before entering any agreement with a developer.

WE RECOMMEND COMPLETING THIS TOOL IN TWO PARTS:

PART 1 is all about understanding the factors that come into play in property development and gaining a greater understanding of what matters most to your congregation. You will put together a Development Desires Map and look at some development examples to see what approaches fit your congregation best.

PART 2 is designed to get you ready to have really fruitful conversations with potential developer partners. You will create a sketch of your ideal development that you can use to hone your conceptions and share with developers, partners, and the wider congregation.

You may want to complete the two parts in different sessions, perhaps separated by some weeks. Each part should take about two hours to complete.

PARTNERING WITH YOUR PRESBYTERY

In the PC(USA) property is “held in trust... for the use and benefit of the Presbyterian Church (U.S.A.)” G-4.02. As a congregation, you need to partner with your presbytery in any significant agreement or change related to your buildings and land.

For example, anytime a congregation wants to modify their property, enter into lease agreements longer than five years, boundary modification, or enter into any debt encumbering the property, the presbytery must approve it.

This is because the presbytery is a partner that will share the risk and/or benefit of this agreement or change.

Therefore, at the beginning of any process that might modify the property

and its use, congregations should reach out to the presbytery to engage them in the process. The presbytery wants to see congregations and new expressions of the church thrive in ministry and can be a fantastic partner in these significant next steps.

Who a congregation reaches out to in your presbytery will depend on that particular presbytery. It might be the executive or stated clerk, it might be a finance committee chairperson, it might be a commission on ministry liaison, or it might be the moderator.

Early on in your conversations about your property, reach out and discover who you need to engage in this process.



BEFORE YOU GET STARTED

How To Develop Well is designed to help your congregation get started on your journey towards development. The tool is not designed to address all that is involved in preparation for this journey.

Listening

To God and neighbors

IMAGINATION

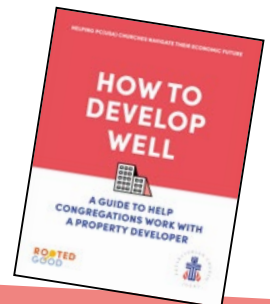
Expanding the horizon of possibility

Ideation / Calling

What is God calling us to do?

ACTION

Getting started



THE GOOD FUTURES ACCELERATOR

goodfutures.teachable.com/p/good-futures-accelerator-pma

If you have not yet engaged in a period of communal discernment - one that involves listening, imagination, and ideation, opening up the possibility of sensing what God is calling you to do - we encourage you to do so. Without communal discernment, there will be a number of practical questions as it relates to property development that will be hard to answer.

There are many faithful ways to engage in communal discernment and of expanding our imagination for a potential project like property development. One is to engage the Good Futures Accelerator, a partnership between PC(USA) and RootedGood.

Rev. Juli Wilson Black and Rev. Ashley Goff can attest that engaging in development for housing or other purposes requires a dynamic commitment to God's calling, love for our neighbors, and imagining beyond the norm.



"The biggest lift was before we undertook the project. It was inviting the congregation to imagine bigger than they had before. If we hadn't imagined bigger it never would have happened."

Rev. Juli Wilson Black after Fairlington Presbyterian Church celebrated the opening of the 81-unit housing complex called "The Waypoint" in 2023 on the Fairlington campus.

"It was listening to the neighbors that solidified the discernment and call to give up what the congregation previously thought was 'ours.' Nobody gets through an endeavor like this without focusing on what God is calling a congregation to do for the sake of the neighbor. To 'Develop Well' is the same as to 'Develop Faithfully.'"

Rev. Ashley Goff, pastor of Arlington Presbyterian Church. The congregation sold the land to Arlington Partnership For Affordable Housing, to build a 173-unit affordable housing apartment community with the church as a tenant in the new development.



PART 1: INSTRUCTIONS

The most important thing is to use this tool to illuminate assumptions and expectations that may not be known or shared and to generate good conversation within your group.

We recommend that you take no more than two hours for the full exercise. In our experience, a key ingredient for creative conversations is vitality - a combination of energy and direction. Additionally, time constraints can actually help push for consensus and agreement.

- ★ **15 minutes** to convene and read over the factors and tips together
- ★ **15 minutes** for each person to rate the importance of each factor as they understand it (this could also be done by each participant prior to meeting)
- ★ **45 minutes** to put together a development desires map as a group (if you get stuck on a factor, set it aside and come back to it later)
- ★ **30 minutes** to review the examples, discuss how they do or do not fit your map, and consider what you learn from that
- ★ **15 minutes** to determine your next steps

FACTORS AT PLAY

There are multiple factors at play in any development partnership, and you will have to determine what is important for you and your congregation. Keep in mind that there is always give and take in any relationship with a developer.

As you work through this tool consider:

OWNERSHIP

How essential it is to retain ownership of the church property?

CONTROL

How much control does the congregation want to have over use of the property, and/or ability to carry out direct ministry on the property after development?

RISK

How much risk is the congregation willing to bear (debt, vacancy, liability, etc.)?

UPFRONT RESPONSIBILITY

How much upfront responsibility is the congregation willing to bear such as - working with neighborhood association, city, architect, lenders, etc. in pre-development phase as well as helping manage the project during construction?

ONGOING RESPONSIBILITY

How much ongoing responsibility is the congregation willing to bear such as - daily management, marketing, problem solving, decision making, etc., after project is complete and open?

CAPITAL INVESTMENT

How much property and/or money is the congregation willing to put into the project and/or borrow to fund the project?

REVENUE GENERATION

How important is revenue generation for the congregation and how much is the congregation looking to earn through development?

Note: As you prioritize some factors, you will likely have to accept to give up on others.

TIPS TO KEEP IN MIND WHEN DEVELOPING PROPERTY

- 1** Your property is a tool for mission. The opportunity to develop your property is an opportunity to reimagine how the property might become a new tool for the mission of Jesus Christ in the world.
- 2** Development can participate in our communities becoming more equitable and just. But, if done poorly, it can actually make inequities worse. Congregations getting into development should do so for the good of the other - to increase equity, to solve community problems, to carry on the mission of loving our neighbors - not simply to make money and certainly not to increase inequality. This means that we need to consider not just where this development is done or what is built, but HOW it takes place.
- 3** Developing property requires collaboration and partnership among different parties. You will need to develop formal and informal relationships with partners that may include: a developer, an owner representative, neighborhood associations, city planning, lenders, legal support, account support, and more.
- 4** Even in the best relationship, the interests of a developer may not always align with the interests of your congregation. You have a fiduciary responsibility to act in the best interest of the congregation. Be sure to retain your own legal counsel to review all contracts, agreements, etc. Don't just accept what a developer provides you.
- 5** There are other stakeholders in the wider system that may impact your project, even if you and a developer come to an agreement on what you want to do. They may be outside of your control. For example, your presbytery, zoning regulations, neighborhood objections, financing realities, etc., might change or hold up the project even after you and a developer have come up with a plan. Be ready for that possibility.

6 You probably won't be able to "have it all." Partnership usually involves making some trade-offs among different choices. In order to gain or retain some factors you will likely have to give up some others. For example, you can't have all the control, ownership, and revenue without taking on any risk or management responsibility. This tool will help you identify the factors that are most important to your congregation.

7 In the PC(USA) denomination, property is held 'in trust'. This means that any decision to develop will mean working closely with your presbytery. The trust clause is as follows: "All property held by or for a particular church, a presbytery, a synod, the General Assembly, or the Presbyterian Church (U.S.A.), whether legal title is lodged in a corporation, a trustee or trustees, or an unincorporated association, and whether the property is used in programs of a particular church or of a more inclusive governing body or retained for the production of income, is held in trust nevertheless for the use and benefit of the Presbyterian Church (U.S.A.)" G-4.0203, Book of Order.

One of the relevant provisions in the Book of Order is as follows: Selling, or Encumbering Congregational Property: "A congregation shall not sell, mortgage, or otherwise encumber any of its real property and it shall not acquire real property subject to an encumbrance or condition without the written permission of the presbytery transmitted through the session of the congregation." G-4.0206a

In lay person's terms this means that your congregation's facilities and property are the congregation's to steward, care for, and pay for while the congregation is active and functioning well. Should the congregation need to conclude its ministry the facilities and property become the care of the Presbytery to steward in accordance with this clause.

Practically, whenever a congregation wants to modify its property, buy new property, mortgage property, build a new wing/facility, acquire new land, sell part of its land, make an agreement with a developer for part of its land, it needs to consider that in partnership with the Presbytery. And the presbytery must approve all those modifications. Don't worry, this doesn't include paint color modifications! Remember to reach out to your presbytery partner at the beginning of this process.

Consider how important it is for you to align the interests of your congregation with the interests of the surrounding neighborhood. Neighborhood input will affect both the development and the role the congregation plays in the community into the future. Ask these questions:

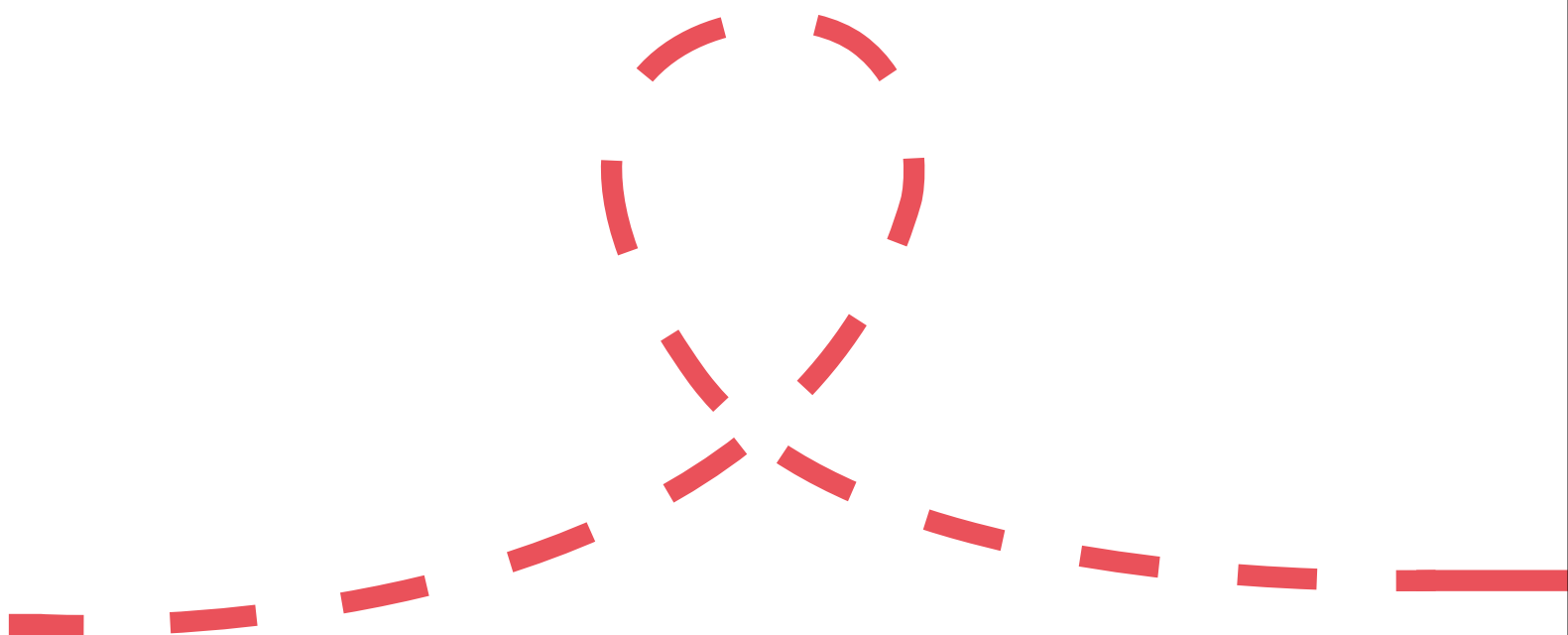
- ★ Who are the relevant communities that are impacted by your development decision?
- ★ What do those communities want/need? (Consider using RootedGood's I-Spy tool to explore this question further.)
- ★ How do those wants/needs figure into your decision?
- ★ What are the politics of the situation?
- ★ Is the congregation prepared to go through a process where significant numbers of neighbors will oppose, disagree, and/or criticize your plans?

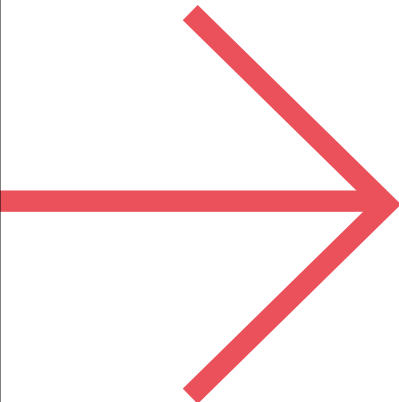
Remember your mission!
Property development on church-owned property is best done to serve the good of the community and the mission of the church. Don't let that get lost in the weeds!

PART 1

CREATE YOUR DEVELOPMENT DESIRES MAP

Use this part of the tool to understand what matters most to your congregation. Have each person on a session or committee fill this out individually and then come together for a conversation. Working together, create a map of your hopes for property development by engaging in the following steps. Then use this map to shape your conversation with possible developer partners, the wider congregation, and other stakeholders.



- 
- STEP 1** If you haven't already done so, reach out to your presbytery partner.
- STEP 2** In each factor, determine which of the three alternatives is preferable for your congregation.
- STEP 3** Rank the factors in order of importance to the congregation from 1 (high) to 6 (low). You may not be able to "have it all", so it is important to discuss which of these factors matter most. You may have to give something up in order to gain or retain what matters most. If you can't rank all of them in precise order, at least identify the two most important factors - those can serve as a starting point for conversations with a developer.
- STEP 4** Discuss what is behind the preferences shared. For example, if someone states they have a high preference for ownership, reflect on what's behind that preference. Revealing background assumptions to preferences can also be helpful for opening conversation amongst congregants whose preferences diverge.
- STEP 5** Compare your map with the following examples. Does your map match reasonably closely with any of the example approaches? If so, that may be a helpful starting point for further conversations with a developer. If not, you may find that your map is going to be difficult to attain (but don't give up on it yet - every deal and situation is unique).
- STEP 6** Reflect on what you have learned and discussed:
- ★ What are your top two factors in considering development? (What matters to your congregation the most?)
 - ★ What came up in your conversations that is helpful to keep in mind as you engage developers?
 - ★ What surprised you in this process?
 - ★ What concerns were raised or in what ways might it be hard to achieve all the factors you are interested in?
 - ★ What questions came up that need answering as you move forward?

OWNERSHIP

How essential it is to retain ownership of your property for the congregation and/or presbytery?

If it is important to retain ownership of property, then you may have to be willing to bear some risk in the development. You may gain more control and possibly more income. You may also have to accept more responsibility.

LOW

1



Willing to give up all ownership

2



Want to retain some ownership but willing to share ownership stake. Ex. 99 yr lease

HIGH

3



Want to retain full ownership

Why?

CONTROL

How much control does the congregation want to have over use of the property, and/or ability to carry out direct ministry on the property after development?

If you want to control what happens on the property, you will likely have to accept more risk and responsibility. You may also need to provide additional capital and/or borrow funds for development.

1



Don't need any control - anything can happen on property

2



Don't need direct control but want say over what happens

3



Want to engage in direct mission and/or ongoing involvement in what happens

Why?

RISK

How much risk is the congregation willing to bear (debt, vacancy, liability, etc.)?

If you want to minimize risk (organizational and/or financial), you will need to find a partner to share risk. In exchange, they will likely want more control and a greater share of the income. To minimize risk the most, you may need to give up ownership as well.

1



Risk averse = prefer someone else accept 100% of risk

2



Moderate risk appetite = willing to share risk

3



Risk tolerant = willing to accept full risk

Why?

UPFRONT RESPONSIBILITY

How much upfront responsibility is the congregation willing to bear, such as - working with neighborhood association, city, architect, lenders, etc., in pre-development phase, as well as helping manage the project during construction?

You will need to bear more upfront responsibility if you retain most of the income and/or control. Minimizing upfront responsibility may mean giving up control, ownership, and/or income.

1



Want no responsibility

2



Open to shared responsibility = willing to deal with issues and decisions

3



Will accept full responsibility for all issues and decisions

Why?

ONGOING RESPONSIBILITY

How much ongoing responsibility is the congregation willing to bear, such as - daily management, marketing, problem solving, decision making, etc., after project is complete and open?

You will need to bear more responsibility for management if you retain most of the income and/or control. Minimizing ongoing responsibility may mean giving up control, ownership, and/or income.

Why?

LOW

HIGH

1



Want no responsibility

2



Open to shared responsibility = willing to deal with issues and decisions

3



Will accept full responsibility for all issues and decisions

CAPITAL INVESTMENT

How much property and/or money is the congregation willing to put into the project and/or borrow to fund the project?

The amount of income and control you can attain may depend on what you put into the project. If you can put more than just land into the development (capital, borrowed funds, etc.), you will likely be able to realize more of the income and retain more control. If you don't have anything beyond land to contribute, you will need a partner who can bring additional capital and they will likely seek greater ongoing income and control in exchange for that investment.

Why?

1



Provide property but no capital

2



Provide property. May provide some additional start up funds

3



Provide property + additional start-up funds through financing, fundraising, or savings

REVENUE GENERATION

How important is revenue generation for the congregation and how much is the congregation looking to earn through development?

If maximizing ongoing annual revenue from the project is important to you, you will likely need to contribute more capital up front, take more responsibility, and accept more risk.

Why?

1



Seeking one-time payment and/or fixed monthly payment but no profit sharing

2



Seeking some profit sharing (and possible losses)

3



Seeking to retain all "profits" (and accept all possible losses)

CHURCH / DEVELOPER PARTNERSHIP EXAMPLES

The examples provided here are hypothetical and general in nature and simply for the purpose of highlighting the issues that may come into play. They are not to be taken as specific ways to structure a deal nor are they the only options available. Use them to build your understanding about how partnership could work and to compare these examples with your own Development Desires Map.

There are numerous legal, tax, programmatic, and financial implications in how deals are specifically structured. Seek your own legal advice on any deal you enter into (and do not rely solely on another parties' legal counsel).

NOTE:

The alternatives presented here may not be the only options available as you move into actual development, but they provide a framework for understanding what is important to your congregation and a starting point for internal and external discussions.

TWO MORE THINGS TO CONSIDER:

Capacity: Keep in mind, while you have big dreams and goals for repurposing your property, you need to be realistic about the capacity of your team, congregation, and presbytery, to carry out what is necessary for successful development. This includes time, money, energy, expertise, willingness to hire/contract, etc. The capacity required of your congregation varies depending on the development partnership approach you choose.

Time horizon: Consider your preferred time horizon for completing the project. Do you have the energy, funds, etc., to wait long enough for more complicated project structures to be completed, or do you need a solution in just a couple of years? The developer partnership and project type can significantly impact the time horizon for the project. Some options take longer than others to complete.

ABC CAMPUS CHURCH



FEE FOR SERVICE – CHURCH OWNS AND OPERATES

A campus church at a large public university develops a 7-story student housing facility for 250 residents. They provide wellness programming and scholarships for residents as a core aspect of their mission.

They prioritize retaining control, ownership, and revenue generation in order to do daily, active ministry in the student housing facility.

This leads to the following configuration, in this order of priority:

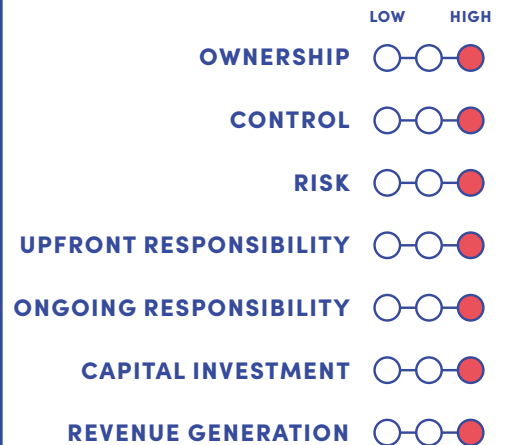
Gain/Retain:

- 1 CONTROL**
Full control
- 2 OWNERSHIP**
Full Ownership
- 3 REVENUE GENERATION**
Retains all “profit” for mission (and assumes all risk for losses)

In order to obtain desired outcomes the congregation accepts:

- 4 RISK**
Total risk
- 5 UPFRONT RESPONSIBILITY**
Total responsibility (with expert help)
- 6 ONGOING RESPONSIBILITY**
Total responsibility
- 7 CAPITAL INVESTMENT**
Provides all property and financial capital: engages in financing and fundraising for start-up and construction capital

Map:



To achieve this configuration, the church pays a fee for service as a % of the total project to a developer for development assistance in obtaining financing and constructing the project. The developer has no ongoing participation in the project after the construction and stabilization period. The church earns all the revenue from the project but also accepts all risk and ongoing management responsibility.

Time Horizon: 2-3 years to complete

FIRST PRESBYTERIAN CHURCH

2.



LAND LEASE – CHURCH SIGNS 99-YEAR LEASE FOR AFFORDABLE HOUSING

A small-town church enters into a 99-year lease of half of their property so that desperately needed affordable housing can be built for 120 families. The congregation prioritizes retaining long-term ownership and generating revenue, but does not want daily management responsibility or the risk of taking on debt. They do not have capital beyond the property to put into the project. The only control they exercise is an agreement from the developer that the property will be used exclusively for affordable housing for at least the first 25 years of the lease.

This leads to the following configuration, in this order of priority:

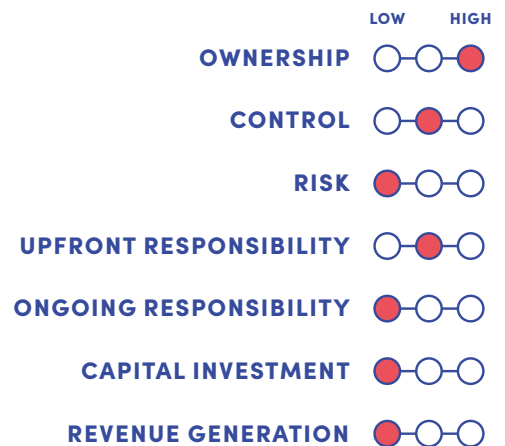
Gain/Retain:

- 1 OWNERSHIP**
Ownership (with limits of lease)
- 2 RISK**
Minimal risk
- 3 UPFRONT RESPONSIBILITY**
No responsibility for property development, some for lease structure
- 4 ONGOING RESPONSIBILITY**
No ongoing responsibility
- 5 CAPITAL INVESTED**
Provides no money or land equity for project

In order to obtain desired outcomes the congregation accepts:

- 6 CONTROL**
No control for 99 years except to secure the purpose of development for first 25 years (affordable housing)
- 7 REVENUE GENERATED**
Earn an ongoing stream of revenue, but only a small portion of the total generated by the project

Map:



The Deal:

To achieve this configuration, the congregation enters into a 99-year lease with a developer for half of their parking lot and a parcel of land containing an unused manse. The developer tears down the manse and builds affordable housing on the property and parking lot. The developer agrees to build only affordable housing, but otherwise controls all decisions related to the project. The congregation receives a base monthly lease payment plus a percentage of any additional profits over a mutually agreed upon amount. The developer handles all aspects of obtaining financing and building the project, as well as all ongoing management responsibility.

Time Horizon: 1 year to finalize lease, 2-3 years to complete project

REDEEMER PRESBYTERIAN CHURCH

3.

LAND SALE – CHURCH SELLS PROPERTY FOR SENIOR HOUSING AND IMPACT INVESTMENT

A suburban congregation comes to the end of its life, and as a final act, the presbytery sells the property to be turned into senior housing. In closing, the congregation turns a long-held passion for senior ministry into a valuable and needed housing option in the community. The proceeds of the sale are used to help a campus church in the same community build student housing (see example #1). The congregation and presbytery prioritized repurposing the property and giving up all ownership, control, risk, and responsibility.

This leads to the following configuration, in this order of priority:

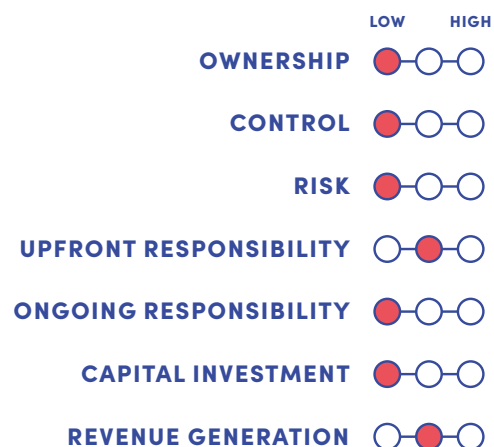
Gain/Retain:

- 1 RISK**
No risk
- 2 UPFRONT RESPONSIBILITY**
No responsibility for property development, some for sale
- 3 ONGOING RESPONSIBILITY**
No ongoing responsibility
- 4 CAPITAL INVESTED**
Provides no money or land equity for project
- 5 REVENUE GENERATED**
Earn a modest ongoing stream of revenue by investing sale proceeds in student housing ministry

In order to obtain desired outcomes the congregation accepts:

- 6 OWNERSHIP**
Give up ownership
- 7 CONTROL**
No control

Map:



The Deal:

To achieve this configuration, the congregation and presbytery sell the property outright to a non-profit senior housing developer that they are confident will carry on their passion for senior support services. The judicatory receives a one-time payment of \$1.5 million for the sale, which it invests in the campus church project from example #1. This impact investment helps the campus church finance their building and generates a modest financial return for the presbytery for the next 20 years. The original property changes in purpose, but continues a faithful legacy as senior housing AND catalyzes the development of mission-based student housing.

Time Horizon: 1 year to complete sale, 2-3 years to complete project

ST. MATTHEWS CHURCH

4.

When a non-profit organization enters into a direct joint venture with for-profit interests, the non-profit may jeopardize its exemption if it cedes formal or effective control over the joint venture to the for-profit partners.

JOINT VENTURE – CHURCH ENTERS INTO JOINT VENTURE WITH DEVELOPER TO BUILD HOMELESS AND LOW-INCOME HOUSING

An urban congregation creates a joint venture with a developer to turn a large, run-down parking lot into 200 units of homeless and low-income housing. The joint venture manages the new facility and provides programming and services to support residents. The income stream and ownership is shared between the congregation and the developer via their stakes in the joint entity. The congregation prioritizes control, partial ownership, and some revenue generation. They put the land into the deal but no other capital.

This leads to the following configuration, in this order of priority:

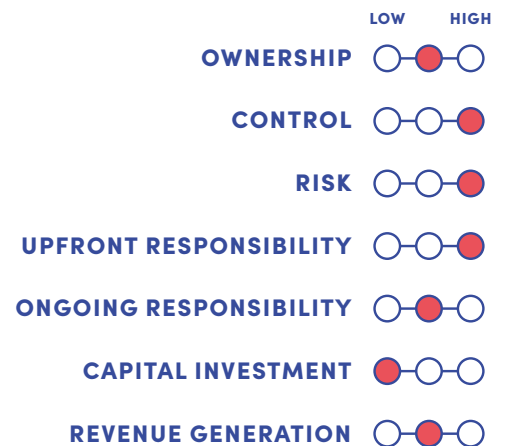
Gain/Retain:

- 1 CONTROL**
Retain primary control in order to carry out mission through the joint entity
- 2 OWNERSHIP**
Retain some ownership through joint entity
- 3 REVENUE GENERATED**
Earn a modest ongoing stream of revenue
- 4 CAPITAL INVESTMENT**
Provide no money or land equity for project

In order to obtain desired outcomes the congregation accepts:

- 5 UPFRONT RESPONSIBILITY**
Accept responsibility and oversight of financing, construction, and other development activity
- 6 ONGOING RESPONSIBILITY**
Accept responsibility and oversight of financing, construction, leasing, and programming with assistance from developer partner
- 7 RISK**
Accept significant financial and programmatic risk

Map:



The Deal:

To achieve this configuration the church creates a wholly-owned subsidiary entity that enters into a limited partnership with the developer. The express purpose of the project is to provide homeless and low-income housing. Income, ownership, and to some extent risk, are shared between church and developer proportionally based on the value of land and capital invested by each party. Developer earns an additional fee during development for services rendered. Church retains primary control over how the property is operated and programmed.

Time Horizon: 4-7 years to complete project

GRACE LUTHERAN CHURCH

5.

COMMUNITY LAND TRUST – CHURCH WORKS WITH NEIGHBORHOOD TO CREATE A COMMUNITY LAND TRUST FOR AFFORDABLE HOME OWNERSHIP AND COMMUNITY GARDENS

A church has more property than it needs in a part of town that is beginning to gentrify. Local residents will soon be unable to afford to remain in the neighborhood. The church works closely with neighbors to create a community land trust (CLT) with the excess land so that 35 homes and 10 community garden plots can be built. The land is owned by the CLT, while the homes are sold to members of the community who would otherwise not be able to afford to own a home. Essentially, this approach takes the cost of the land out of the price of the house. New homeowners have to already be living in the local community and the price of the house is permanently pegged to local wages. The only changes in the price of the home will be when the local wages change. The result – community owned, permanently affordable housing. The church cedes ownership and control of land to the CLT and therefore also has minimal risk and responsibility into the future. They put the land into the deal, but no other capital.

This leads to the following configuration, in this order of priority:

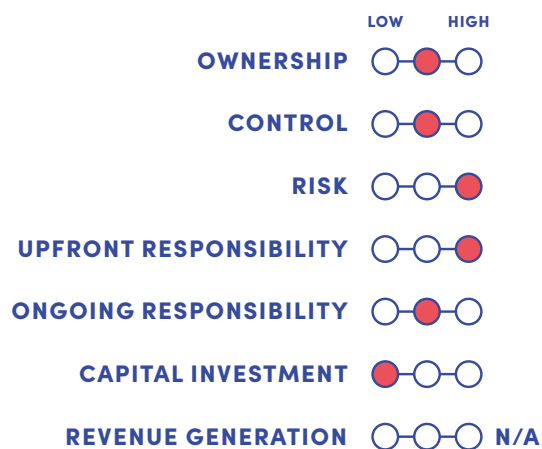
Gain/Retain:

- 1 RISK**
Shared (minimal) risk as member of CLT
- 2 ONGOING RESPONSIBILITY**
Shared responsibility as member of CLT
- 3 CAPITAL INVESTMENT**
No additional capital invested – provide land, but no other funds

In order to obtain desired outcomes the congregation accepts:

- 4 UPFRONT RESPONSIBILITY**
Accept significant responsibility for community organizing, creating CLT, and other start-up activities
- 5 OWNERSHIP**
Give up direct ownership of land which transfers to CLT – become voting member of CLT. Retain ownership of church building
- 6 CONTROL**
Give up direct control which transfers to CLT
- 7 REVENUE GENERATION**
No revenue – land is donated to the CLT

Map:



The Deal:

The congregation works with the neighborhood to create a community land trust and donates the property to the CLT. The congregation retains ownership of their building as a member of the CLT. The church building is available for church programming and as a community center within the CLT. The congregation holds 25% of the seats on the CLT board while the rest are held by homeowners and other community members in, and near, the CLT. All ongoing revenue and potential appreciation flow to the CLT and the homeowners. The CLT then partners with a developer on a fee-for-service basis for development assistance.

Time Horizon: 4-7 years to complete project

PAUSE HERE
You have completed part 1!

PART 2



MORE EXAMPLES:



Read the story of Fairlington Presbyterian Church in Alexandria, VA: fpcusa.org/the-waypoint



Also, check out this video from Mountain View United Church in Denver, CO: vimeo.com/723538852

They are partnering with Habitat for Humanity on their housing project: mtviewunited.org



Arlington Presbyterian Church and Gillam Place in Arlington, VA.

Read more of their story here: arlingtonpresbyterian.org/our-vision/

CREATE YOUR SKETCH OF IDEAL DEVELOPMENT

In this part you will work on creating a simple one-to two-page sketch of what you hope development on your church property will look like. This step builds upon the Development Desires Map you have created earlier. You can complete this part immediately after you've worked on your Development Desires Map, but more commonly some time will pass between part 1 and part 2 of the process while you gather more information and have further internal and external conversations.

The purpose of this sketch is twofold: 1. To help you clarify within your internal leadership team and congregation what you envision, and 2. To have an initial vision to begin sharing with key partners in the community, potential developers, etc. Developers you may approach (or who may have approached you) will find this sketch very helpful in understanding how their interests align with what you would like to see happen on your property.

THIS SKETCH:

- Is meant to be a vision for what you hope for at this moment in time. It is not set in stone and can (and will) still evolve with further conversations, input, and information. Remember, while you are in the driver's seat with your property, you will likely not be able to "have it all" and will have to make some trade-offs, as you learned while building your Development Desires Map that preceded this sketch. Your Development Desires Map is likely to be more stable over time, while this sketch is likely to change and evolve quite a bit, especially in the early stages of exploring development.
- Does not need to contain all details of what development on your property might look like. It is designed to provide a high-level overview.
- May not be complete in all areas. You may know clearly some aspects of what you are looking for while others remain unclear. That is okay. You can begin to articulate the things you are more sure of while leaving open questions that remain. Like an artistic sketch, it will start out with a few lines and shapes and over time you will fill it in with more detail and color.
- Should be consistent with the Development Desires Map. If it is not, discuss why that might be and update either the factors in your map or amend your sketch to more closely match your approach to the factors in the map in part 1.
- Is not a formal RFP (request for proposal) to use with a competitive developer selection process. You may need to create an RFP with more detail if you plan to seek competitive proposals from multiple developers. This sketch is a good step towards creating an RFP and will speed up the process of working with a consultant to create an RFP if you take that approach.

CREATE YOUR SKETCH

Gather your leadership team or key stakeholders to complete this exercise. Ideally, most, if not all, of those participating will have already done part 1 of this tool (the Development Desires Map) so they are familiar with what came out of that exercise.

We've designed this as a mad-lib style exercise to help you build your first sketch. Fill in the blanks, circle your choices, and cross out elements that aren't relevant to your particular context.

If you can't fill in a blank, just write TBD for now. You can come back to it later. As questions come up, add them to the list at the end. If something important is missing, simply write it in as you go. When this first version is complete, you can edit and adapt it however you'd like – this process is designed to help you get started.



**LET'S GET
STARTED**



It doesn't have to be perfect!

Sketch of ideal development at _____
Insert church name

_____ is a part of the _____
Church name Presbytery

in the _____. Our Presbytery partner is _____
denomination individual who you are talking to at your presbytery

Our core mission is _____
insert mission statement or description of core mission

_____ is exploring a redevelopment of the property at _____
Church name address

in _____. Our dream for this development is to _____
city describe in summary what you hope development will do for

_____ the good of your neighborhood and community

SPECIFICALLY WE HOPE THIS DEVELOPMENT WILL:

Provide space and/or services for _____
insert list of potential partners, populations you hope to work alongside, etc.

Include the following elements:

Select those that apply and cross out those that don't, and fill in detail and estimate square footage if known):

Housing (affordable, senior, student, supportive living, etc.)

Multi-use space

Coffee shop, restaurant, etc.

Performance space

Office rental space

Storefront

Community center space

Food services (grocery store, food bank, commercial kitchen rental space, etc.)

Church office space

Church worship space

Classroom space

Pre-school, school, childcare center, etc.

Other

Other

It is our hope that this development will generate _____
insert desired annual revenue or put zero if ongoing revenue
is not part of Development Desires Map

in annual revenue so that _____
insert what revenue will be used for

AND/OR (circle one or cross out below)

It is our hope that this development will generate a one-time payment of _____
insert desired payment or put zero if a
payment is not needed

so that _____
insert what payment will be used for

AND/OR (circle one or cross out below)

Include build out of *new/renovated* (circle one) church worship and program space at *zero/minimal/full* (circle one)
cost to church.

It is our hope that this development will be open and complete by _____
insert year of desired completion

Church name



IS/IS NOT talking to the presbytery about this opportunity
(circle one)

IS/IS NOT open to donating church land to a community land trust
(circle one)

IS/IS NOT open to leasing the land to a developer or partner
(circle one)

IS/IS NOT open to selling the land and leasing back or purchasing condo in new development
(circle one)

IS/IS NOT willing to let developer decide what gets developed on the land
(circle one)

IS/IS NOT interested and able to assist with the development process (up-front responsibility)
(circle one)

IS/IS NOT interested and able to provide ongoing staffing or volunteer support for new programs associated
with the development (i.e., supportive housing, coffee shop operations, etc.)
(circle one)

IS/IS NOT interested and able to assist with ongoing management of the facility (ongoing responsibility)
(circle one)

IS/IS NOT willing and able to borrow, contribute, or raise additional capital funds for the project
(circle one)

IS/IS NOT _____
(circle one) insert additional expectations/hopes

IS/IS NOT _____
(circle one) insert additional expectations/hopes

You now have an initial sketch of your ideal development that you can begin to share and discuss with members of the congregation, denominational leaders, city planning teams, and potential developer partners. Come back and edit your sketch as you gain new information and clarity.

KEY QUESTIONS TO BE ANSWERED

Jot down questions that come up as you work through the sketch - as questions get answered they can be moved up into the sketch and/or removed from this list.

- 1
.....
- 2
.....
- 3
.....
- 4
.....
- 5
.....
- 6
.....
- 7
.....



QUESTIONS TO ASK A POTENTIAL DEVELOPER / PARTNER

Have you worked with churches?

How did you get into development and what motivates you now as a developer?

Why do you want to do this project?

What is your ideal vision for development on this site?

What are the other possibilities for this site?

Which of those would you be interested in developing?

How long have you been in business?

Who owns your business and what is their relationship to it?

Who do you partner with?

Who is your contractor and who is your architect?

Do you have long-term relationships with either?

How many projects have you completed as a team?

How often do your projects not get completed?

Have any of your projects resulted in lawsuits?

What is your relationship like with the neighborhoods you have worked in? (Seek references from city alders, neighborhood representatives, etc.)

What is your relationship with the elected official whose district this project is in?

Developer- project fit

Very few developers are good at everything, and in some cases experience is really important. For example, if your project is suitable for applying for affordable housing tax credits, having a developer with relevant experience is important.

Remember that vetting of a developer/partner is important. Have they a good track record? Any litigation or regulatory complaints? Obtain professional references and third-party confirmation of financial strength and credit-worthiness.

Have you done other projects in this council member's district? If so, were they supportive of your project?

How will you respond if we encounter unexpected problems in our plan?

What in your estimation are the highest risks of a development like this, and how would you manage those risks?

At what point would you have to walk away from this project?

What level of financial transparency are you comfortable with in this process?

Would you be willing to share your pro-forma with us up front?

[If it is important that activities currently happening on your site (such as worship services) continue in the same location ask] - How can you help us manage the sequence of construction in order to minimize disruption to our current activities? Or what alternative ideas do you have for locating those activities?



This tool is one in a series of resources designed in partnership with PC(USA) to help congregations discern their future economic models.




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HELPING PC(USA) CHURCHES NAVIGATE THEIR ECONOMIC FUTURE

HOW TO DEVELOP WELL




A GUIDE TO HELP CONGREGATIONS WORK WITH A PROPERTY DEVELOPER






HELPING PC(USA) CHURCHES NAVIGATE THEIR ECONOMIC FUTURE

HOW TO RENT WELL




A GUIDE TO HELP CONGREGATIONS RENT WELL






HELPING PC(USA) CHURCHES NAVIGATE THEIR ECONOMIC FUTURE

WHAT ABOUT TAXES?!!!



A GUIDE FOR CHURCHES STARTING TO GENERATE REVENUE

Give us your feedback!

We are always learning and improving our resources.

Scan the code to tell us how this tool worked for you and what changes or improvements you'd like to see in it.



STAY IN TOUCH!

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