



Mission Real Estate

Congregation Workshop March 2023



Agenda

Time	Activity	Purpose/Objective
9:00 - 9:40 a.m.	Welcome and Introduction	Describe the relationship between the mission and finance in church real estate decisions
9:40 – 10:40 a.m.	Discern: Down and Dirty Due Diligence	What is the most possible?
10:40 – 10:55 a.m.	Break	
10:55 – 11:45 a.m.	Decide and Develop: TBD	What do you need to plan for to sign a contract and start construction?
11:45 -12:15 p.m.	Lunch	
12:15 – 1:00 p.m.	What's next?	Develop an action plan for your congregation
1:00 – 1:30 p.m.	Presentation of Plans	Present your congregational plan to the group

Handouts:

- MRE Process
- Feasibility questions

Resources:

- Edsd.org/missionrealestate/resources – QR Code Password: Mission

Purpose of the Mission Real Estate Task Force

- Support faith communities throughout the Diocese of San Diego in using church real estate assets to bring God's good news into the world through mercy, justice, and evangelism

Role of the Task Force

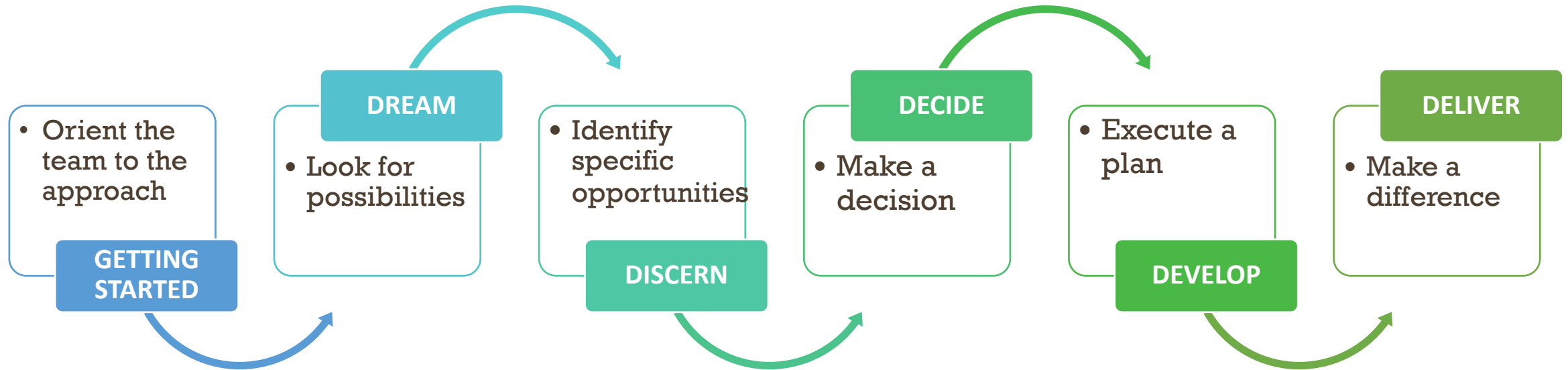
1. Advance understanding of how faith communities can use their real estate assets to support mission-related projects
2. Support the development of mission-related projects



Mission Real Estate Process



Mission Real Estate Process



GETTING STARTED

ACTIONS

- Initial meeting to understand the congregation's interests and need for support

APPROACH

- Share the development process using the guiding questions to identify the church's actions to date and future plans

DELIVERABLES

- Getting started workshop, preliminary timeline, launch team staffing plan

OUTCOMES

- Diocese and church leaders have a shared understanding of a missional approach to real estate development

GETTING STARTED

GUIDING QUESTIONS

- What is the mission of the congregation?
- What prompted the congregation's interest in using real estate for mission?
- What steps have you or others in the church already taken?

TEAM

- Rector or vicar
- Warden
- Mission and outreach committee chair

COMMUNITY PARTNERS

- Typically none at this stage



Mission in Action: Saint Luke's Seattle

<https://vimeo.com/797172379>



Dream: Engage the Congregation and Community



DREAM

ACTIONS

- A congregation's leadership and membership explore their aspirations for mission stewardship of their real estate, as well as the concerns and hopes of the surrounding community.

APPROACH

- Gather data and stories through listening sessions, surveys, church records, demographic studies, information interviews, and by being an active presence in the neighborhood activities.

OUTCOMES

- The congregation has a list of both congregational and community priorities

DELIVERABLES

- Congregational skills and talent inventory, local stakeholder/partner inventory

DREAM

GUIDING QUESTIONS

- What spaces or services are lacking in the community?
- What is already a focus of the community?
- How does the church imagine they may be involved in addressing these community needs (space, service, funding)?
- What ministries are thriving in the community?
- How can church real estate support that mission?
- What does the church need?



TEAM

- Clergy and Vestry
- Congregation

COMMUNITY PARTNERS

- Residents
- Local Businesses
- Local Nonprofit Organizations
- Elected Officials and Agency Staff
Covering the Community

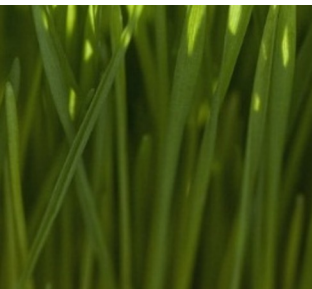


Break Out: Why Mission Real Estate?



WHY MISSION REAL ESTATE?

- What is the mission of your congregation?
- Why is your congregation engaging in the mission real estate process?
- Where are you in this process?
- Who have you talked to? Who do you need to talk to?



Mission in Action: St. Paul's Senior Services

Add video link





Discern: Analyzing Project Feasibility

Down and Dirty Due Diligence



DISCERN

ACTIONS

- A congregation researches the ideas to identify those that are most feasible for the congregation.

APPROACH

- A congregation conducts an internal inventory of its assets for the different projects that were identified, including congregational enthusiasm, experts and professionals within and known to the congregation, available land and funding, and resource development capacity. The congregation may want to consider conducting an organizational capacity assessment.

OUTCOMES

- The congregation has narrowed their list to two or three potential uses of their available real estate.

DELIVERABLES

- Evaluation criteria checklist, organizational capacity assessment, market study, neighborhood engagement study, land feasibility analysis

DISCERN

GUIDING QUESTIONS

- How enthusiastic is the congregation about these different ideas?
- What do you know/need to learn about the feasibility of each of these types of projects?
 - Where is the project located? Urban, rural, etc.?
 - What is the population and anticipated growth?
 - Are there any special characteristics about the development process?
 - What laws and/or market trends should be factored into the decision process?
- What professional expertise, land, and financial resources do you have within the congregation ?
- What resources are available within the community?
- What resource development capacity do you have within the congregation (fundraising, relationship building)?

TEAM

- Clergy and Vestry
- Congregation
- Professionals in the Pews

COMMUNITY PARTNERS

- Real Estate Appraiser
- Planning and Zoning Expert
- Subject Matter Experts
- Aligned Funders

Housing Questions

See “Housing Questions” Handout

1. What to do with property?
2. Build affordable housing?
 - Continue Journey of the Saints?
 - There’s an exciting journey ahead!



WHO NEEDS AFFORDABLE HOUSING?



Housing Questions

See “Housing Questions” Handout

Does our dream make sense?

- Very Preliminary Analysis
- Is there market demand? Very, very likely
- How many units and how high can I build? Ask city
- Do I want to serve vets, students, elderly, families, a mix of people?

Housing Questions

See “Housing Questions” Handout

Continuous Later Analysis

- Costs to plan, design, and get local approvals
- Create pro formas for construction and management
- Adequate long term cash flow
- Union wages
- Business plan: get value for our land
 - Sell, lease, option to purchase our land
 - How to manage the housing after built

Housing Questions

See “Housing Questions” Handout

How can we make housing AFFORDABLE?

- Financing devices
- Partner with developers
- Contributions
- Density
- Mix affordable housing with market rate housing
- Mix affordable housing with tenants that pay market rents – social services, city library, health services, commercial use

Housing Questions

See “Housing Questions” Handout

Do I know my neighbors, local government, and other stakeholders?

What is my local review process? What does it take to get to YES?

Will the city government help? How motivated are they? VERY

Housing Questions

See “Housing Questions” Handout

How can we make housing AFFORDABLE ?

Learn about tax credits, land write-downs(What’s our property worth?) remaining redevelopment funds, Neighborhood Works program, lower interest loans linked to Section 8, HUD’s 202 funds for housing for elderly people.

It takes a combo of financing vehicles

Housing Questions

See “Housing Questions” Handout

Where will \$ be needed?

- Up front costs – planning design, processing, analysis, legal, proformas
- Construction
- Infrastructure
- Manage housing
- Repairs and Maintenance

Housing Questions

See “Housing Questions” Handout

Partnering for knowledge and cash

Owner’s rep

Developers

RFQ

RFP

Housing Questions

Consider support for SB4

Greater flexibility for churches and educational institutions to build affordable housing.



Break Out: How Will You Discern Feasibility?



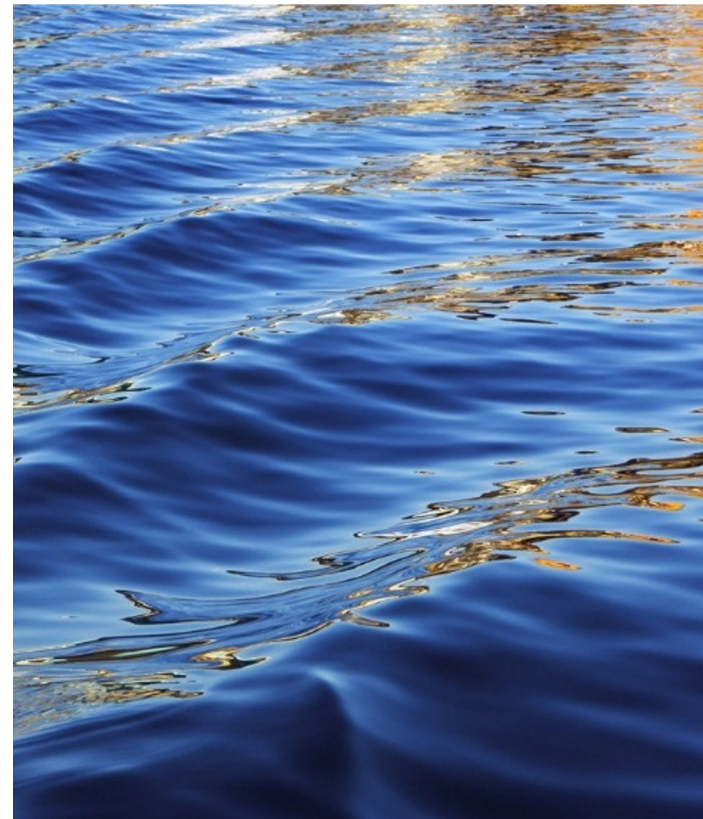
HOW WILL YOU DISCERN FEASIBILITY?

- What do you need to know to analyze project feasibility?
- Who can help you get those answers?





Break





Mission in Action: Mama Africa



The logo for MAMA AFRICA CATERING is centered on a black background. It features a large, stylized letter 'M' composed of two blue semi-circles at the top. The text 'MAMA AFRICA' is written in a bold, white, serif font, with 'MAMA' on the top line and 'AFRICA' on the bottom line. Below this, the word 'CATERING' is written in a smaller, white, sans-serif font. The background is decorated with various colorful geometric patterns: orange and black diagonal stripes in the top-left; a green triangle with black diagonal stripes in the middle-left; a pink square with black diagonal stripes in the bottom-left; a yellow semi-circle in the bottom-center; and a blue square with black diagonal stripes in the bottom-right. A black semi-circle is positioned behind the text, and a black square with a green dot pattern is in the top-right.

MAMA
AFRICA
CATERING



Decide: Roles, Ownership
Structures, and RFQs/RFPs

DECIDE

ACTION

A congregation decides to proceed with specific project that fulfills neighborhood needs and desires and is believed to be sustainable for the congregation.

APPROACH

The congregation develops a written scope of work that articulates its vision and desired long-term outcome, scope of work, project leadership, available financial and real estate resources, and plan for sustainability that matches the gifts and needs of both the congregation and the surrounding community.

OUTCOMES

- The congregation obtains contractor estimates and partnership commitments and makes a decision to go/no go on a particular project.

DELIVERABLES

- Operational pro formas, site plans, legal review, finance review, funding plan, stakeholder communication review

DECIDE

GUIDING QUESTIONS

- What role will the congregation take in the project (lead, general partner, landlord)?
- If the project involves development or redevelopment of existing buildings, will the congregation sell or ground lease the land?
- Who from the church has the ability to take the lead on a development project and what types of expertise do you need on your core project team?
- Who is helping to fund the project, what role will they play, and what do they expect in return?

TEAM

- Clergy and Vestry
- Congregation
- Professionals in the Pews

COMMUNITY PARTNERS

- Developer and Contractors
- Project Manager
- Legal and Professional Services
- Capital Campaign Consultant
- Subject Matter Experts
- Funders (government agencies, banks, nonprofit organizations, donors, equity investors, joint venture partners)

CHURCH ROLE IN THE PROJECT

Developer

- Acquires land
- Develops the building program and design to meet needs
- Obtain public approval and financing
- Build or oversee construction
- Rent, manage, and sell

Joint Venture Partner

- Landowner and developer pool resources
- Opportunity to establish experience as developer
- Both parties have stake in profits, losses, and costs

Landlord

- Rents or leases property in exchange for payment

WHY ESTABLISH A GROUND LEASE?

ADVANTAGES

- Retain control of land
- Increase, diversify income
- Maintain approval for proposed changes to land
- Tax savings
- Reduces cost of affordable housing development

DISADVANTAGES

- Less financial control
- Potential tax impact



ROLE OF AN OWNER'S REPRESENTATIVE

- Represents the interests of the property owner
- Coordinates with vendors and consultants
- Provides project management and development expertise during predevelopment and construction phase



OWNER'S REPRESENTATIVE: PLANNING AND PREDEVELOPMENT

Planning

- Assess real estate objectives, operational and missional priorities
- Help determine project that meets market demands and community needs
- Determine transaction structure to optimize objectives
- Coordinate stakeholder engagement

Project Management

- Prepare RFP and scopes of work
- Manage and coordinate all consultants
- Review and negotiate consulting agreements
- Navigate government agency project approvals

OWNER'S REPRESENTATIVE: PLANNING AND PREDEVELOPMENT

Site Due Diligence & Design

- Manage site analysis, zoning, massing studies, feasibility analysis
- Advise on design and construction constraints and impacts on budget
- Collaborate with legal counsel on permits and variances

Financial Analysis/Real Estate

- Manage market and financial feasibility analysis
- Assist in evaluating capital and operating costs, projected net operating income of development options
- Assist in identifying public and private funding sources
- Collaborate with legal counsel on final development approach, partnership and ownership structures
- Prepare RFP for development partners
- Identify and help mitigate risks

OWNER'S REPRESENTATIVE: DEVELOPMENT & CONSTRUCTION

Typically paid
by development
partner and
included in fee

Financing
Design & Procurement
Environmental Review & Analysis
Construction Management



WHAT TO INCLUDE IN REQUEST FOR QUALIFICATIONS

Written document used to solicit information about the background and experience of potential vendors and suppliers

- Project Background & Objectives
- Evaluation Criteria
 - Administrative Criteria
 - Developer Experience Criteria
 - Financial Capabilities Criteria
- RFQ Timeline & Selection Process
- Submission Instructions
 - Cover Letter
 - Team Qualifications and Experience
 - Development Experience
 - Financing Relationships, History, and Project Pipeline
- Request for Information & Questions

WHAT TO INCLUDE IN REQUEST FOR PROPOSALS

Written document sent to potential partners to obtain proposals as part of a competitive bidding process



- Project + Organizational Background
- Objectives
- Scope of Work
- Deliverables
- Budget
- Responses / Selection Criteria
- Project Schedule / Workplan

DEVELOP

ACTIONS

- A congregation develops their real estate project to completion in a manner that keeps the congregation and surrounding community informed and involved throughout.

APPROACH

- The congregation works with external partners to conduct due diligence on the development concept, engages in a church and community-led design process, addresses any unresolved issues, and acts as a champion for the project in the community.

OUTCOMES

- The congregation develops a project that aligns with congregational and community priorities and contributes to their shared well-being

DELIVERABLES

- Construction project plans, revised operating plans, revised operating organization plans, revised finance plans, stakeholder communication review

DEVELOP

GUIDING QUESTIONS

- What types of due diligence are needed to move the project forward (e.g., civil engineering, environmental studies, geotechnical studies, risk analyses)?
- How will the congregation and community engage in the design process?
- What role will the congregation or its representatives have in addressing construction requirements?

TEAM

- Clergy and Vestry
- Congregation
- Owner's Representative (?)

COMMUNITY PARTNERS

- Development Partner
- Project Manager
- Consultants
- Committed Partners
- Funders



Break Out: How Will You
Decide What to Develop?



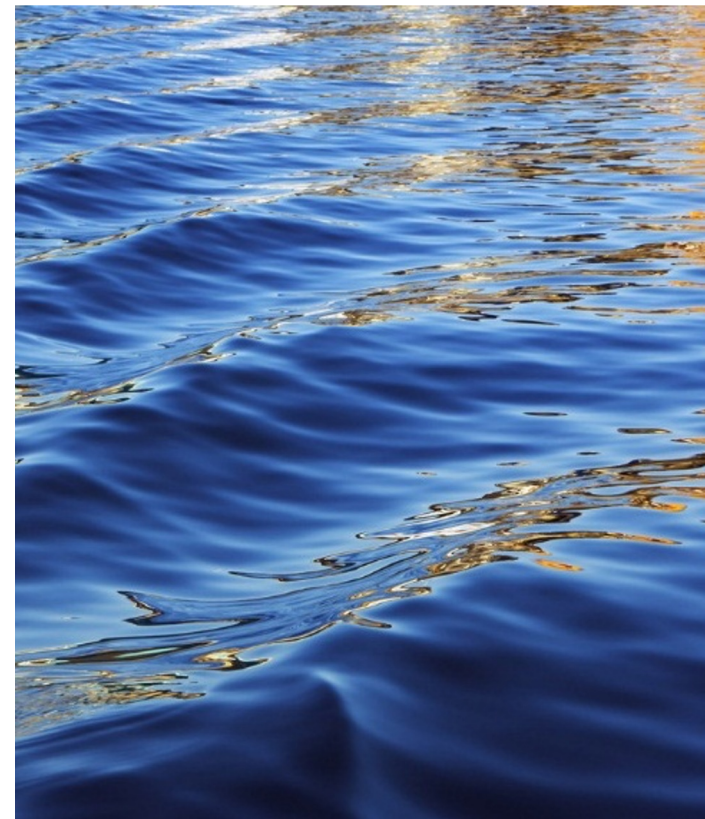
HOW WILL YOU DECIDE WHAT TO DEVELOP?

- Have you had discussions about project structure?
- What information do you have and need for RFQ/RFPs?
- What support would you need or want from an owner's representative?





Lunch





Mission in Action: Episcopal Community Services Head Start

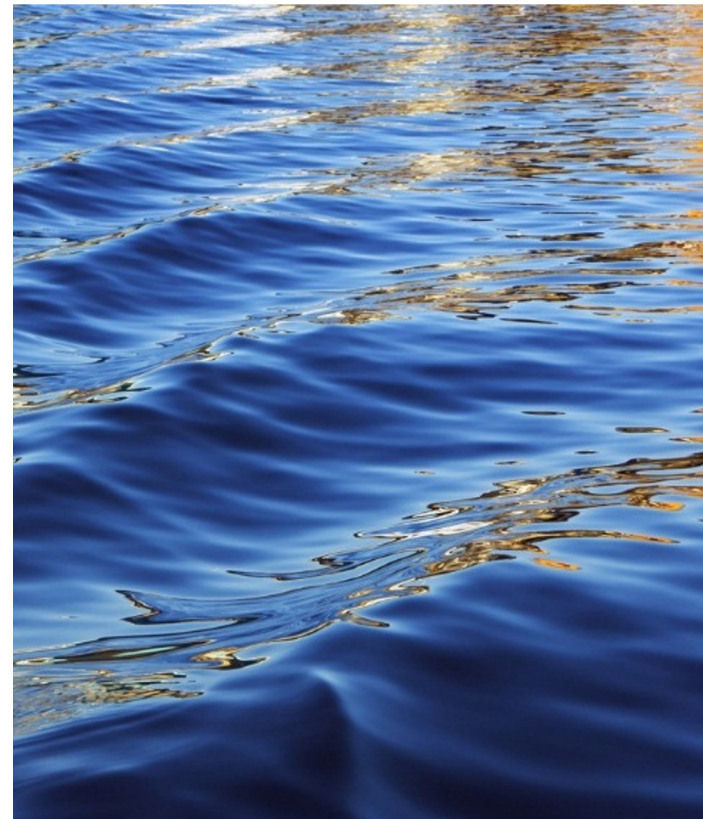
Add video link







What's next?



What's Next?

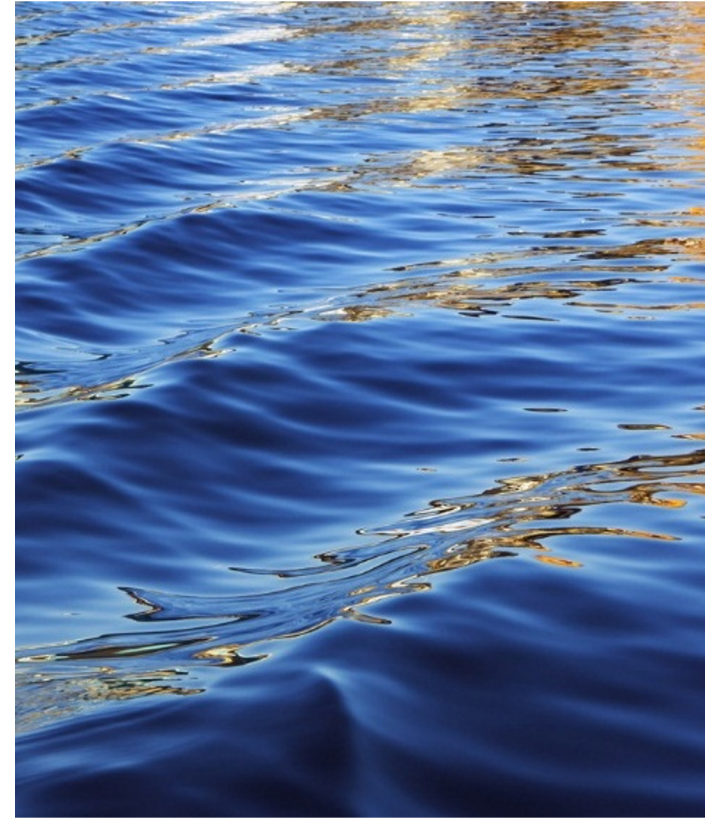
Review your work on the other breakouts.

What are the initial steps to getting started?

How will you achieve them?



Presentation of Plans



JESSICA RIPPER

Chair of Mission Real Estate Task Force, EDSD

jessicaripper@gmail.com

JEFF MARTINHAUK

619-481-5947

Chief Financial Officer, EDSD

martinhauk@edsd.org

JASON EVANS

619-481-5947

Canon for Mission, EDSD

jevans@edsd.org

GARY BROWN

619-929-7157

grbrown1946@gmail.com