

## **FINANCIAL CONSIDERATIONS, POTENTIAL DEVELOPMENT OUTLINE, INFORMATIVE READINGS, FUTURE GATHERINGS**

As we continue in this year of education and discernment regarding the entirety of UPC's property, we are exploring the financial considerations and what potential development might look like. UPC has an opportunity to maximize the benefits of the property we own – to be the best stewards of this property, allowing the most benefit to our congregation, to the community we dwell in and the far-reaching arms of our mission and service into our city and the world. As we consider the possibilities before us, we realize that with every choice there is an opportunity and a cost, and that missed opportunities may be a cost to our future. Below are scenarios for discussion & consideration:

***Do Nothing & Remain As Is - Scenario:*** We can remain in our current facility with little to no change to any structure or to the property. Associated costs of deferred maintenance for the next 10-20 years are: new tile roof estimated at \$2M+; maintenance/repairs to HVAC system and chiller; recarpeting the main level at \$30K+, repainting the sanctuary, bathroom upgrades and finish out of previous parlor & bridal room; xeriscaping the central courtyard; water intrusion issues in lower-level hallway & at some stained-glass windows. Re-waterproofing the sublevel portion of the 1926 building was bid out at \$260K fifteen years ago. The Annual Budget for Facility Operations is \$176,382. Additionally, we need to remain mindful of our parking issues should the Co-op decide to proceed with developing the parking garage.

***Church Development - Scenario:*** (This information is from the Cornerstone Fund – [cornerstonefund.org](http://cornerstonefund.org); Bee Moorhead serves on their BOD) When a church decides to explore developing its property for missional use, usually the big questions are: how to go about doing something so big and complicated? And most of all, how to pay for such an undertaking? Fortunately, the answer is that there are many ways, not usually involving much permanent use of church funds and not requiring a huge amount of expertise within the church staff and congregation.

In most church redevelopments, there is typically a long preliminary stage where two different basic pathways are explored.

- *Sell to a developer or entity.* This can get the highest dollar, and is the simplest, because it is just a sale. However, the church loses any control over the ultimate use of the property. In UPC's case, it would be questionable as to whether Mission Presbytery would allow a total sale of our property.
- *Retain ownership of the land and enter into a ground lease with a developer to develop part or all of the property.* In this case, the church usually negotiates to receive or lease part of the eventual development to continue church worship, ministry, gathering and community engagement. In addition, the church has a lot of influence, and in many cases, control, over the eventual nature of the development. It is common to see a mixed income housing development in which a percentage of units are affordable, but with the right partner, most, or all, of the units can be affordable. In addition, the church can further define its mission interest by requiring the development to serve a particular group, such as seniors, refugees, returning citizens, etc.

Exploration of the second option is usually accomplished through finding a development consultant/broker who can help a church develop a request for proposal (RFP) and find a developer who will be a good fit. There are many developers ready to work with churches to develop property, and it is important for the church to have a consultant/broker working just in the church's interest to help sift through the proposals. Talking directly to developers without having a good consultant/broker can lead to suboptimal outcomes.

The pre-development stage can be long and get expensive, as legal, property, funding, and incentive matters are delved into as to determine what is possible and advisable. This work can be paid for with church funds and/or a predevelopment loan, both of which are typically repaid with lease proceeds at the point that the developer signs the ground lease and starts the project. So, although there is an initial outlay on the part of the church, that outlay is usually recouped as the project gets underway. It is important to remember, however, that there is always the risk that the project being explored in predevelopment may not be viable, and the funds cannot be recouped as hoped. Usually in these cases, there is the opportunity to pivot to a different project. In ideal cases, the church retains ownership of the land, ends up with a wonderful and manageable space to run the church, and is at the center of a development that serves a community need missionally important to the church – while also receiving income.

**Sell UPC's Property & Move - Scenario:** Based on information from Mission Presbytery, it is unlikely that the Presbytery would approve the sale of our entire property. Mission Presbytery has indicated that they want to maintain a significant presence in the UT area. Our congregation does have the authority to decide any potential development on this property and so long as it is aligned with our church mission, development should be approved by Mission Presbytery.

**Informative Reading:** Many members have sent articles to the Property Vision Team (PVT) or offered websites to visit for information. We would like to pass along some of these to you:



A Church Properties Initiative Case Study: St. Austin Catholic Parish and School



The Atlantic: American Religion Is Not Dead Yet



The Atlantic: American Christianity Is Due For A Revival



How To Lead When You Don't Know Where You Are Going  
Session read this book this spring.

**IF UPC should decide to move forward with development, what would some of the next steps be following our vote?**

In the next year, UPC would look to gather names, interview, and select a brokerage firm that would represent UPC solely during the entire development process. This process could take most of a year's time. Simultaneously, UPC could also be gathering some of the below information that would be important when creating our Request For Proposal (RFP) that would be eventually sent out to developers (approximately 2025).

- Based off our mission statements and ascertaining our core values, determine the various mission and service activities we want to host/conduct at our church and/or on our property (existing and new programs).
- Ascertain how we can best serve the community with the utilization of our property.
- Conduct focus groups and have meetings with a variety of people within our church and within our community to gather additional information.
- Meet with all committees, staff, organizations, and groups that utilize our facilities currently to understand future growth needs or potential changes to improve current operations.
- Work with students from the UT Architect School on design guidelines helping to describe how we see the potential of our property in a development project.
- Enter discussions with University Co-op on potential parking options.

**Core Values, Member Discussions & Summer Gatherings:** In late July and early August, the Property Vision Team would like to gather with members in small groups of 8-10 people to hear your thoughts and questions about our property discussions thus far and to hear what you feel are some of UPC's core values. In early July, sign-ups will be offered to join a gathering at a coffee, lunch, dinner, afternoon tea or cocktails. We encourage everyone to find a time to sign up as your input is helping to guide the future of our church. We are looking for hosts! So, if you would like to host a gathering, please contact Stephanie Morris at [stephanietmorris@sbcglobal.net](mailto:stephanietmorris@sbcglobal.net) or 512-415-9797. The more gatherings, the merrier!

**There will be an informal gathering in the Fellowship Hall after worship on June 25<sup>th</sup> and a zoom gathering on June 19<sup>th</sup> (link will be provided in the UPdate email) to discuss this material. If you cannot make these times and have questions or comments, please email us at [UPCpropertyvisionteam@gmail.com](mailto:UPCpropertyvisionteam@gmail.com).**

***"And remember, I am with you always, to the end of the age." – Mathew 28:20***