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ATTORNEYS AT LAW

Client Focused. Results Driven.

Manhattan Borough President Religious Facilities Task Force Programming Religious Facilities for Maximum Benefit

December 13, 2019



Halo Study: Judson Memorial Church



Benefit Type	Description	Calculation
1. Direct Spending	Spending on operations and building maintenance is funneled into the local economy	\$1,050,000
2. Schools and Daycares	Providing preschool and K through 12 schooling saves school districts money and enables parents to work	N/A
3. Open Space	Green space and recreation space improve our environment and lower energy costs	N/A
4. Magnet Effect	Hosting events and operating programs catalyzes visitor spending	\$704,248
5. Individual Impact	Intervening in individuals' lives enables people to work and reduces governmental spending	\$6,464,268
6. Invisible Safety Net	Operating and hosting community- oriented programs supplements the activity of the local government and social service agencies, adding value to the community	\$1,488,201
TOTAL		\$9,706,717

Published February 2018 by:



AT THE INTERSECTION OF HERITAGE, FAITH, & COMMUNITY

Partners for Sacred Places

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By Zoe

Struggling to Survive, Con

The New York Times

N.Y. / REGION

Struggle
to Sel

By VIVLA

<https://n>



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SOON



Steps to Space Maximization

- 1) Decide action is required (before its too late)
- 2) Gather documents and implement reconnaissance
- 3) Assemble your team (leadership and professionals)
- 4) Evaluate
 - 1) Internal and external needs, desires and values
 - 2) Internal and external support / opportunities
- 5) Solicit and choose a product, plan and partner
- 6) Approve and implement the 'Approvals Process'
 - 1) Internal
 - 2) External
- 7) Implement 'Plan'

Today's Focus

- 1) Decide action is required.
- 2) Gather documents and implement reconnaissance.
- 3) Assemble your team.
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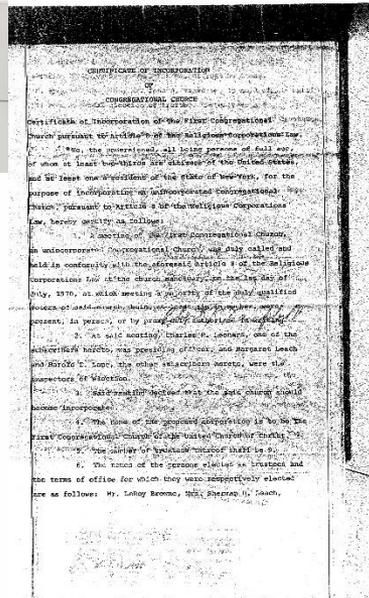
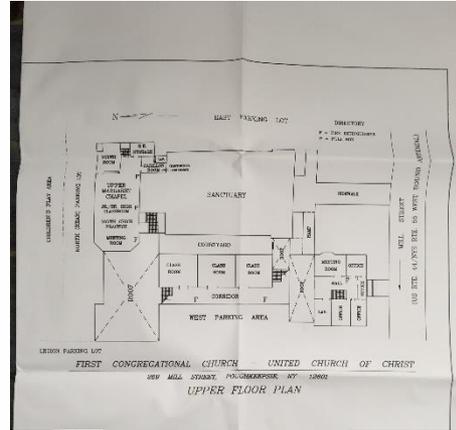
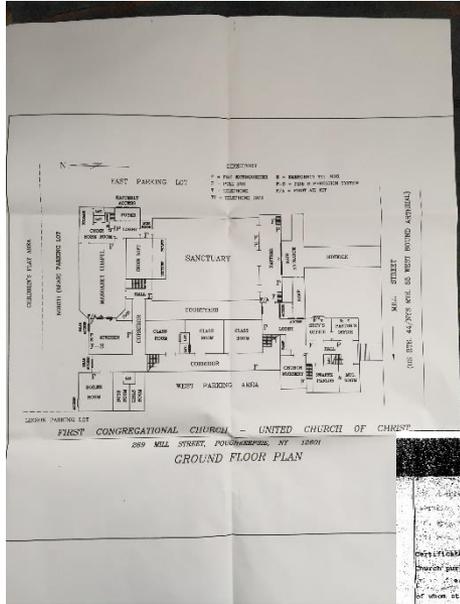


What do you own and how do you own it





Pull together docs



CONSTITUTION
FIRST CONGREGATIONAL CHURCH, UNITED CHURCH OF CHRIST
POUGHKEEPSIE, NY

ARTICLE I. NAME
The name of this church shall be The First Congregational Church, United Church of Christ, located in the City of Poughkeepsie, State of New York. Hereafter, it shall be referred to as "this church".

ARTICLE II. PURPOSE
The avowed purpose of this church shall be to worship God, to preach the gospel of Jesus Christ, and to celebrate the Sacraments, to realize Christian fellowship and unity within this church and the Church Universal, to render loving service toward creation, and to strive for righteousness, justice, and peace.

ARTICLE III. POLITY

1. This church shall be a member congregation of the United Church of Christ and it shall sustain that relationship to the United Church of Christ described in those portions of the Constitution and By-Laws of the United Church of Christ adopted July 4, 1961, and subsequently amended, relating to local churches and included herein as Appendix A.
2. The government of this church is vested in its members, who exercise the right to control in all its affairs, subject, however, to the Religious Corporations Law of the State of New York.

ARTICLE IV. FAITH

1. This church acknowledges as its sole Head, Jesus Christ, the Son of God and our Savior. It acknowledges as brothers and sisters in Christ all who share in this confession. It looks to the Word of God in the Scriptures, and to the presence and power of the Holy Spirit, to prosper its creative and redemptive work in the world. It claims as its own the faith of the historic Church expressed in the ancient creeds and reclaimed in the basic insights of the Protestant Reformers. It affirms the responsibility of the Church in each generation to make this faith its own. In accordance with the teaching of our Lord, it recognizes two Sacraments: Baptism, and Lord's Supper or Holy Communion.
2. An expression of this faith is the Revised United Church of Christ Statement of Faith, Appendix B.



Gather Documents & Recon - Ownership & Organization

1) Ownership

A. (How) do you own your property

A. Hierarchical Body

B. Directly (NFP or Religious Corp)

C. Affiliate

B. Are there restrictions on your Property

a. Deed Restrictions/ Easements

b. Landmarking

c. Zoning/Building Code Issues

C. Do you have a survey

2) Organization

A. Who is the body that approves real property decisions

B. Does the congregation need to approve

C. Are you part of a hierarchical structure



Evaluate – Internal & External Need & Value

1) Need

A. Internal

- a) Mission/Income (what do you currently provide and receive)
- b) Appetite for Risk and (Temporary) Relocation

B. External

- a) Housing and Homelessness
- b) Art
- c) Education
- d) Hunger
- e) Immigration

2) Value

A. Internal

- a) What are these spaces worth to YOU!

B. External

- a) Appraisal
 - i. Highest and Best / Investment
 - ii. Cost, Sales, Income
- b) Broker Opinion of Value
- c) Asset Mapping



Evaluate – Internal & External Support & Opportunities

- Lender's
 - Community Development Financial Institutions (CDFI's)
 - Church Lenders
- Grantors
 - Capital Campaign
 - Grant Funds
 - Discretionary Funds
 - Technical Assistance
- Partners
 - Tenant
 - Joint Venture Partner/Developer
 - Purchaser/Developer
- Governmental Sources

A secular nonprofit affiliate may help

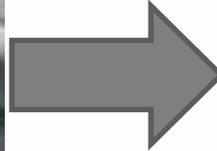


Evaluate – Internal & External Support & Opportunities

- Renovate
- Develop/Repurpose
- Air Rights Transfer



Renovation – Transitional Housing





Renovation – Transitional Housing Leads to Development





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12/9/2019





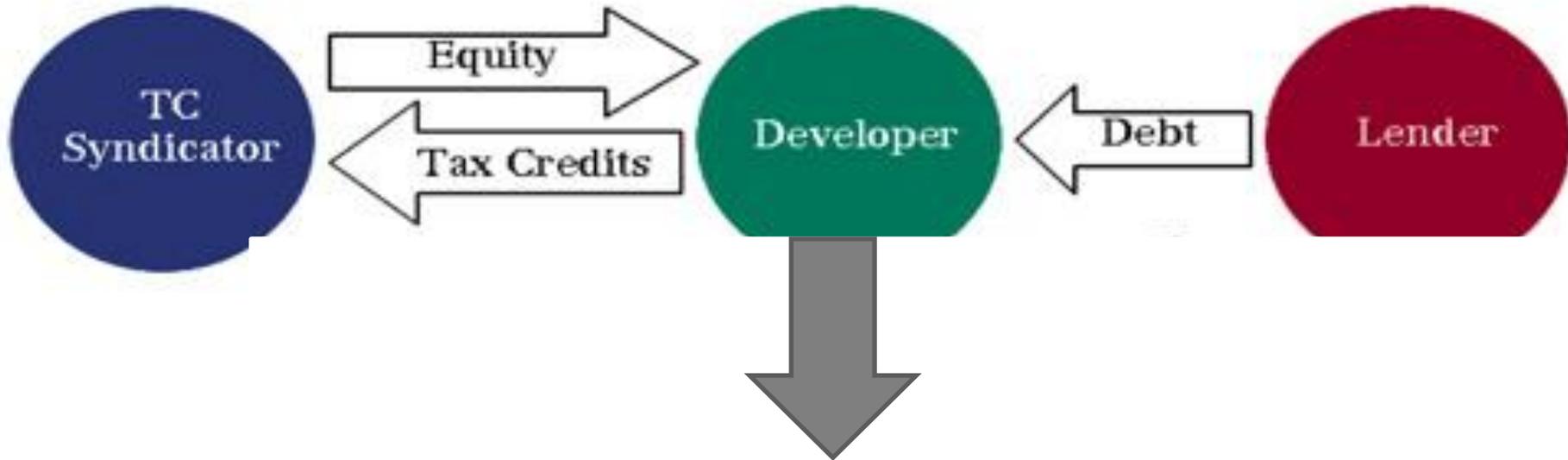
Development and Repurpose

- What to build and how:
 - Market Rate/Affordable
 - Non-Profit Developer/For-profit Developer
 - Commercial and Community Space



Development – Affordable Public Financing Generally

Low-income Housing Tax Credit Flowchart





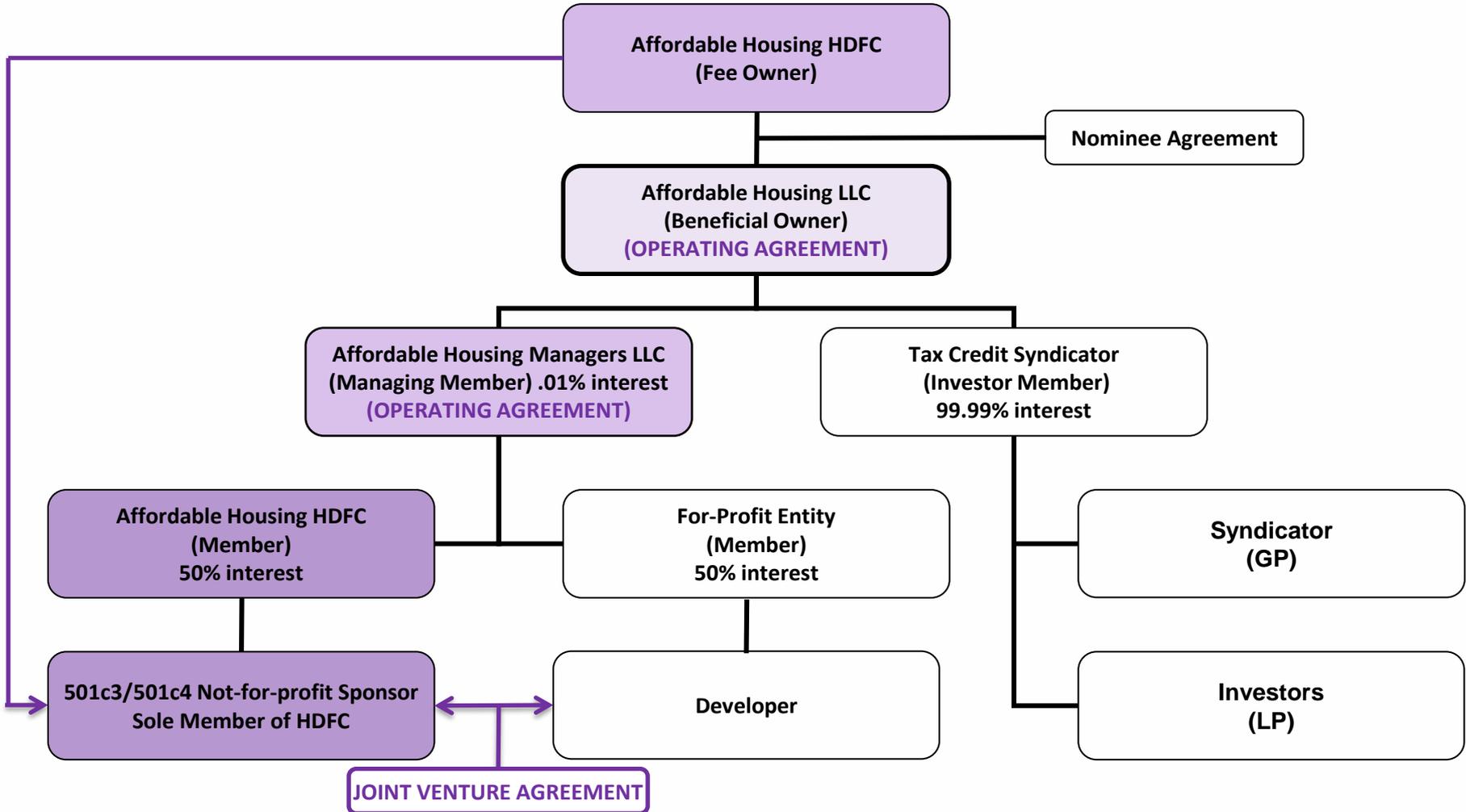
Development – Affordable NFP/FBO Benefits

Sponsorship/Right of First Refusal

- Sponsorship
 - To serve as the nonprofit 501c3 to a NYC affordable housing project, which creates project entities that provide property tax and mortgage recording tax exemptions to the project.
- Right of First Refusal
 - The right of a qualified 501c3 nonprofit to purchase the affordable housing project after the tax credit compliance period (~15 yrs) for: **THE ASSUMPTION OF DEBT PLUS EXIT TAXES.**



Development – Affordable Sample Nominee Structure





Development – Affordable NFP/FBO Benefits

Community Service Facility

(Eligible for LIHTC Funding)

- (1) the services provided at the facility improved the quality of life for community residents,
- (2) the taxpayer demonstrated (market study) that the services provided at the facility will be appropriate and helpful to individuals in the area of the project whose income is 60 percent or less of AMGI,
- (3) the facility must be located within the building, and
- (4) the services provided at the Facility were affordable to individuals whose income is 60 percent or less of AMGI.

Development – Affordable NFP/FBO Benefits

- RESIDENTIAL
- COMMUNITY
- FELLOWSHIP



R6 OPTION 1 - SECTION



Development – Affordable Project Budget & FBO Compensation

PROJECT -- SOURCES AND USES	Amount	Per Unit
<u>Construction Sources</u>		
HFA First Mortgage	\$8,080,000	\$76,226
HFA Construction Loan	\$21,700,000	\$204,717
SHOP	\$19,100,000	\$180,189
HFA Gap Funding (Over Term Sheet)	\$1,300,000	\$12,264
New York State Office of Temporary and Disability Assistance (OTDA) Capital Program	\$4,950,000	\$46,698
Accrued, Reinvested Interest	\$178,750	\$1,686
Low Income Housing Tax Credits	\$2,000,000	\$18,868
State Low Income Housing Credits	\$369,900	\$3,490
Deferred/Reinvested Developer Fee	\$6,737,813	\$63,564
Total Construction Sources	\$64,416,463	\$607,702
GAP	\$0	
HFA Bond as % of Aggregate Basis:	52.2%	Total HFA Bond:
<u>Permanent Sources</u>		
HFA First Mortgage	\$8,080,000	\$76,226
SHOP	\$21,200,000	\$200,000
HFA Gap Funding (Over Term Sheet)	\$2,500,000	\$23,585
New York State Office of Temporary and Disability Assistance (OTDA) Capital Program	\$4,950,000	\$46,698
Accrued, Reinvested Interest	\$178,750	\$1,686
Low Income Housing Tax Credits	\$20,038,000	\$189,038
State Low Income Housing Credits	\$3,699,000	\$34,896
Deferred/Reinvested Developer Fee	\$3,770,713	\$35,573
Total Permanent Sources	\$64,416,463	\$607,702
GAP	\$0	
<u>Uses</u>		
Acquisition Costs	\$6,000,000	\$56,604
Hard Construction Costs	\$39,871,031	\$376,142
Soft Costs	\$10,302,432	\$97,193
Reserves and Escrows	\$523,000	\$4,934
Developer Fee	\$7,720,000	\$72,830
Total Uses	\$64,416,463	\$607,702

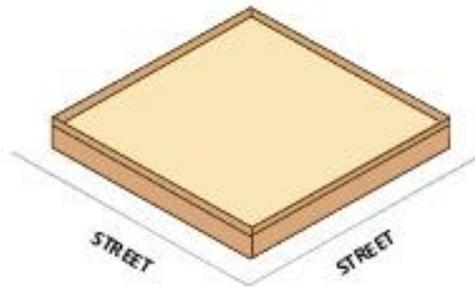
Church Compensation	
Cash Consideration	6,000,000
Developer Fee (1)	342,629
Secular Community Space (2)	3,453,967
Ground Lease payment (3)	1,569,514
50% Commercial rent participation (4)	833,333
Total Church Compensation	12,199,443



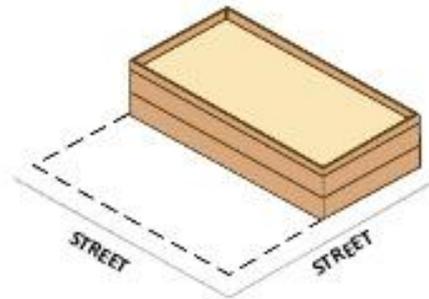
Air Rights Transfers

Density

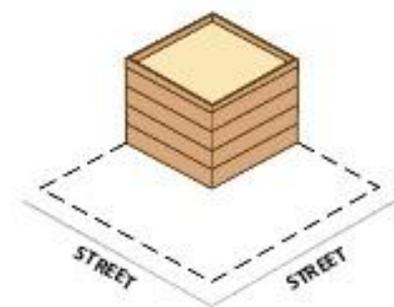
- Every zoning district has a **floor area ratio (FAR)**.
 - The FAR reflects the ratio of building floor area to lot area.
- Multiplying the FAR by the **lot size** will give you the maximum permitted **floor area (size) or square footage** of a building.



100% coverage
One story



50% coverage
Two stories

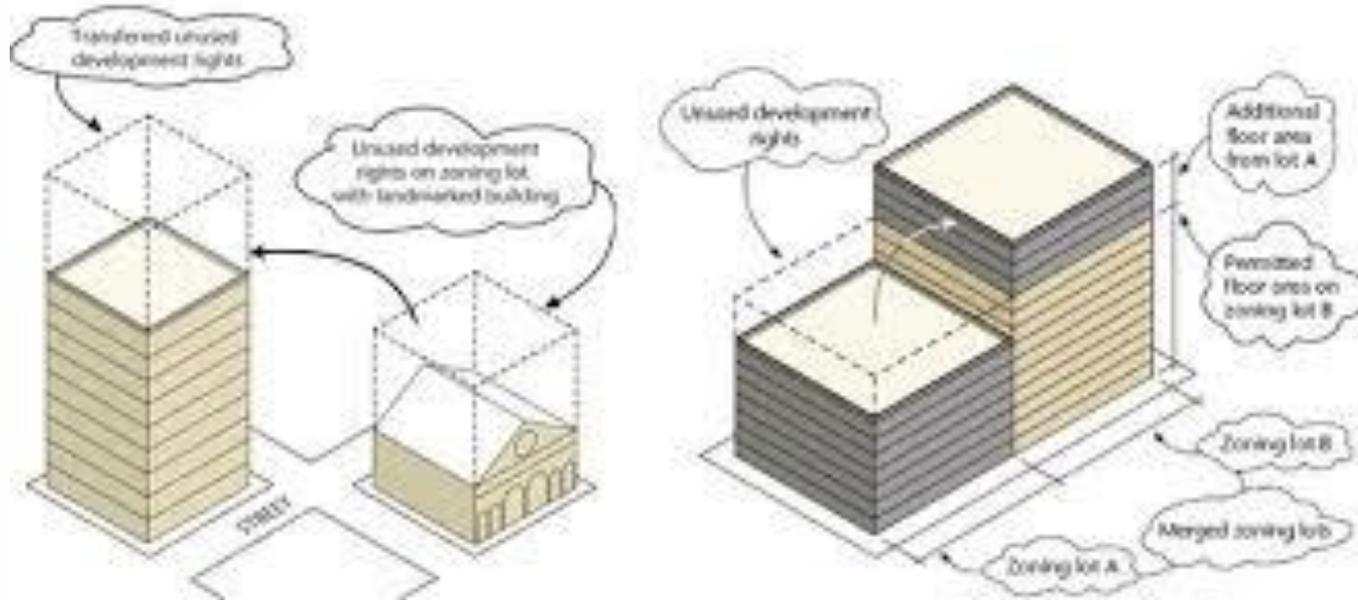


25% coverage
Four Stories



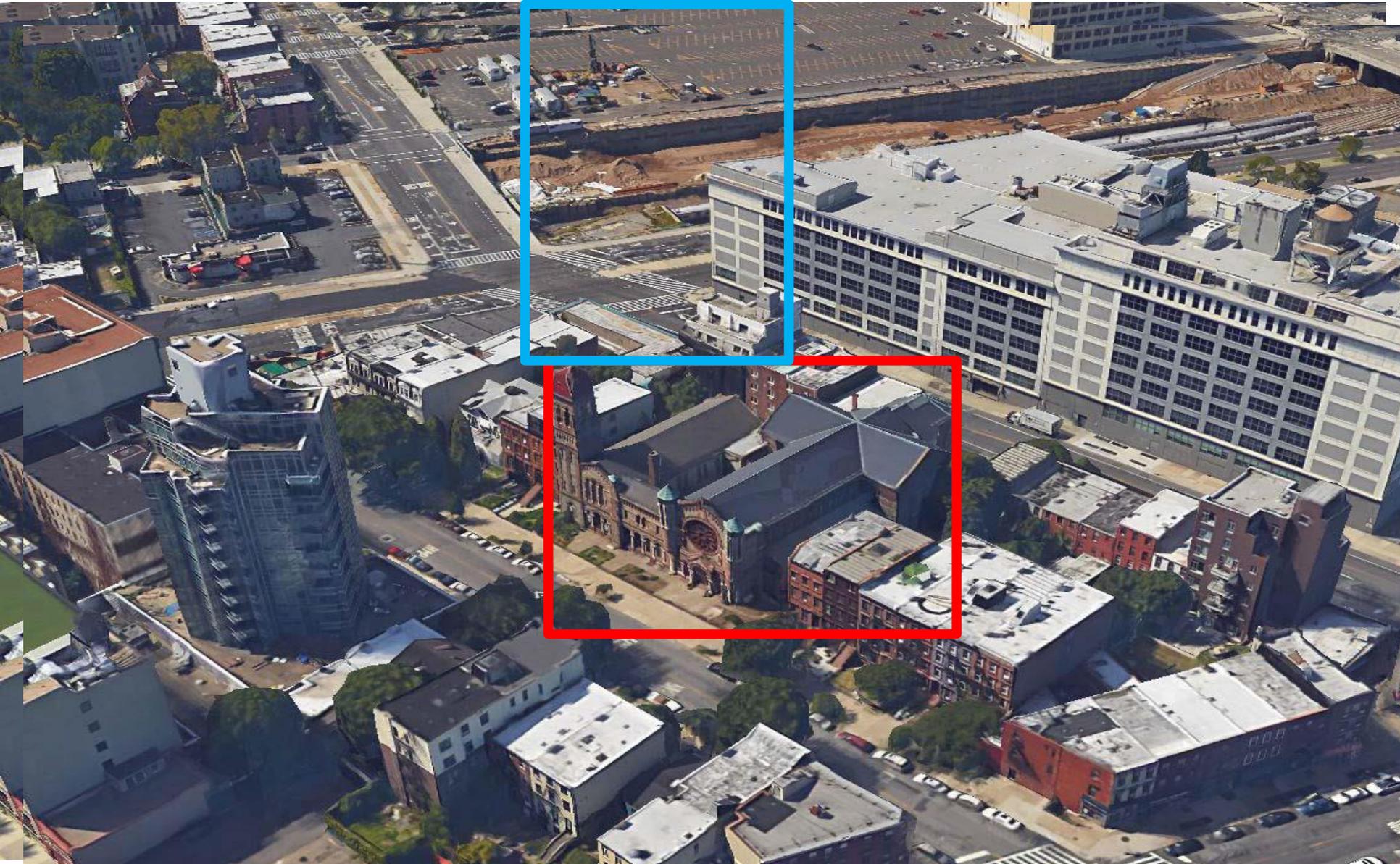


Faith Based – Air Rights Transfers – Hat Trick





Air Rights (Purchase)





St. Luke's & St. Matthew's Church



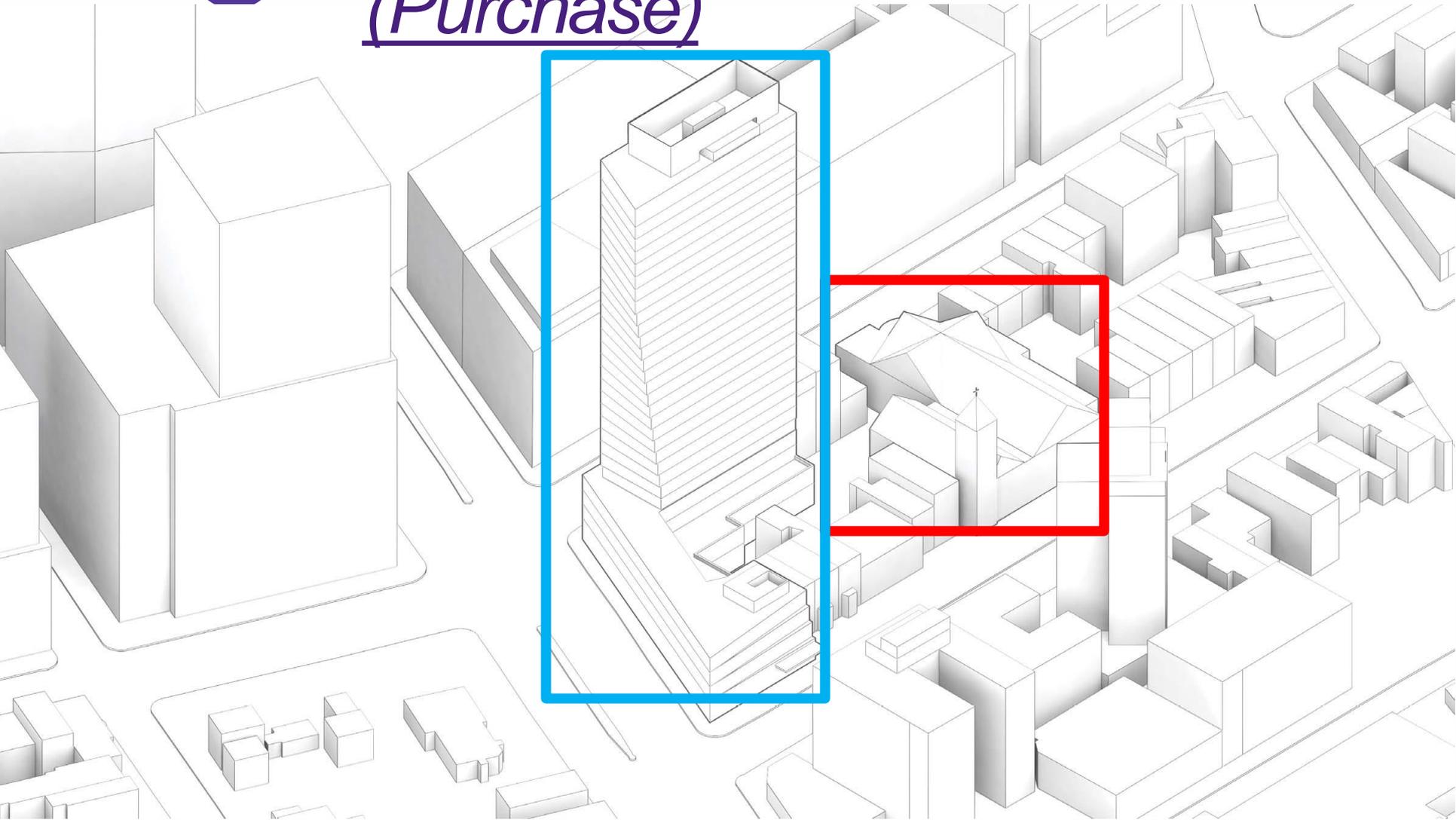


St. Luke & St. Matthew – interior





St Luke & St Matthew Air Rights *(Purchase)*





Solicit & choose a product, plan and partner

1. Asset Based Community Development
 - A. Right for: Renovation/Space Sharing
 - B. Conveners
 - a) Borough President
 - b) Partners for Sacred Places

2. Broker
 - A. Right for: Sale and some Redevelopment/repurposing

3. Request for Proposal
 - A. Right for: Redevelopment and Repurposing



Solicit & choose a product, plan and partner - RFPs

St. Edmund's Episcopal Church
1965 Morris Avenue, Bronx, NY
and
The Episcopal Diocese of New York
1047 Amsterdam Avenue
New York, New York 10025



REQUEST FOR PROPOSALS

Issued: October 31, 2019
Responses due: December 6, 2019

All inquiries and emails should be addressed to:
Goldstein Hall PLLC, 80 Broad Street, suite 303,
New York, NY 10004
stolmundtj@goldsteinhall.com

St. Peter's Episcopal Church
2500 Westchester Ave., Bronx, NY 10461

and

The Episcopal Diocese of New York
1047 Amsterdam Avenue
New York, New York 10025



REQUEST FOR PROPOSALS

April, 2018



REQUEST FOR PROPOSALS FOR:

Shiloh Church of Christ, Disciples of Christ, Inc.
9 West 128th Street (Manhattan Block 1726; Lot 31)
4-8 West 129th Street (Manhattan Block 1726; Lot 41)

DEVELOPMENT OPPORTUNITY

Date of Issuance: March 2, 2018
~~*Response Due Date: April 15, 2018*~~
Deadline has been extended to April 27, 2018



Areas to Further Support Religious Facilities in Affordable Housing and Secular Work

- More offices/staff to support the FBOs Secular work
 - More supportive discretionary grants process
- Green legislation conversion grants
- More predevelopment and grant supports
 - Arts in Sacred Places
 - Interfaith Affordable Housing Collaborative
- Help FBOs use their air rights to support mission and community need



Jason Labate

Senior Associate, Goldstein Hall PLLC

Jason Labate practices in the areas of faith-based development, not-for-profit law, affordable housing and community development, banking and finance, and general real estate law. Jason represents a wide range of for-profit, not-for-profit and public organizations in various corporate, tax-exemption and real estate matters. Jason graduated cum laude from Brooklyn Law School with a focus on economic empowerment and community development and was a Sparer Public Interest Fellow. He participated in Brooklyn Law School's Community Development Clinic, where he advised local groups on not-for-profit corporate formation, corporate governance, and tax issues. Jason has an MPA from NYU's Wagner School of Public Service and a BA from the University of Chicago with Honors in Public Policy.



Jessica Loeser
Special Counsel
Goldstein Hall PLLC
jloeser@goldsteinhall.com

Jessica Ashenberg Loeser's practice is concentrated in Land Use Law, Zoning, Real Estate Transactions, and Landmarks Preservation. She regularly appears before New York City's Board of Standards and Appeals, City Planning Commission, Department of Buildings, Landmarks Preservation Commission, Environmental Control Board and Department of Consumer Affairs, as well as Community Boards across the city.

Before joining Goldstein Hall, Ms. Loeser was an Associate at Akerman Senterfitt and its predecessor firm Stadtmauer Bailkin LLP, where she lead teams of lawyers, architects and engineers on more than 100 adaptive reuse developments for properties in New York City. Ms. Loeser's clients include new construction of affordable and market-rate housing, hospitals and schools, as well as conversions for new uses within existing buildings.

Ms. Loeser began her career as a Legislative Aid in the New York State Assembly where she served as Legislative Counsel and District Office Director. In that capacity, Ms. Loeser coordinated the policy and outreach initiatives of the Speaker's office and helped achieve significant quality of life improvements for the diverse communities of Lower Manhattan. In the weeks and months following the September 11 terrorist attacks, Ms. Loeser helped design and direct the Assembly's successful Lower Manhattan recovery agenda. Ms. Loeser also worked on several New York City and Statewide election campaigns. She served on the New York State Temporary Commission on the Future of Power Programs for Economic Development, which recommended significant modifications to the State's energy cost savings benefit programs, including the Power For Jobs program.



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Appendix – External Approvals



Approval - External Attorney General & Court Approval

FOR SALE, MORTGAGE or LEASE \geq 5 Years

- Demonstrate consideration is fair, reasonable and in the best interest of the Mission-Driven Organization
 - If the organization has debts how they will be repaid
 - Exceptions when transferred to a religious or nonprofit corp
- Must have an appraisal
- Must have evidence of value of consideration if the consideration is not cash
- Must demonstrate the certainty that the consideration will be received by the Organization.
- Must be approved by Directors and Members (if any)



Approval - External

Just Court Approval

- A. Protestant Episcopal church
 - the bishop
 - standing committee
- B. Roman Catholic Church
 - the archbishop
- C. Ruthenian Catholic Church of the Greek rite
 - the bishop
- D. African Methodist Episcopal Zion Church
 - the bishop
- E. Presbyterian Church
 - Presbytery
- F. United Methodist Church
 - superintendent and the preacher in charge
 - the charge conference
- G. Reformed Church
 - the trustees of the Classis with which said church is connected.