

WHO IS MY NEIGHBOR?
JULY 14, 2020
PRE-DEVELOPMENT PROCESSES AND FUNDING

Welcome to session 3 of the Who is My Neighbor Seminars. In today's seminar, we are going to help you as a congregation understand how to get the professional support and funding you need to fulfill your hopes and dreams for your property. All of us appreciate that you might find this process daunting. You might be unsure about how to enter this housing finance and community development dance. We want you to understand the process and invite your questions.

INTRODUCTIONS

To help us take this journey into the weird world of development and housing finance, we are privileged to have top experts in the affordable housing finance field with us today. I am going to ask each person to introduce themselves and title and describe a little bit about what they do and their organization. In our follow up e-mail to you, we will provide contact information for the people speaking.

ATTORNEY GENERAL MISSION BASED AFFORDABLE HOUSING PARTNERSHIP

Julie Barrett O'Neill, Coordinator, Western New York Office and Executive Director, Buffalo Office, Local Initiatives Support Corporation (LISC)

Susan Cotner, Coordinator, Capital Region Office and AHP Homeownership Center, Affordable Housing Partnership and Community Development Alliance

Rose Noonan, Coordinator, Westchester, Putnam, Rockland, Orange and Dutchess Counties. Executive Director, Housing Action Council

BRICKS AND MORTALS

Kate Toth, Project Director

COMMUNITY PRESERVATION CORPORATION

The Reverend Dr. Lawrence G. Hammond, Vice President and Mortgage Officer in the Community Preservation Corporation's (CPC) New York City Originations Office

Michael Skrebutenas, Senior Vice-President, Regional Director, Capital Region

ENTERPRISE COMMUNITY PARTNERS, INC.

Breanna Hudson, Senior Program Officer, Attorney General Development Program, New York City and Long Island

Victoria Rowe-Barreca, Director of Capital Solutions and Partnerships, New York City

Lydia Tom, Senior Advisor, Initiatives, Attorney General Affordable Housing Program, Long Island

HOMES AND COMMUNITY RENEWAL

Darren J. Scott, Upstate East Director of Development
Lenny Skrill, Assistant Commissioner

INTERFAITH AFFORDABLE HOUSING COLLABORATIVE

Marc Greenberg, President and Executive Director, Interfaith Assembly on Housing and Homelessness

The Reverend Peter Cook, Vice-President, and Executive Director, New York State Council of Churches

LEVITICUS FUND

Greg Maher, Executive Director

LOCAL INITIATIVES SUPPORT CORPORATION, NYC (LISC, NYC)

Valerie White, Executive Director and Attorney General Affordable Housing Program, New York City

Grace Chung, Senior Community Development Officer
Lori Barton, Community Development Officer for Operations
Nisha Mistry, Director of External Affairs

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

Jolie Milstein, Executive Director
Christopher R. Widelo, Director of External Affairs

PACE UNIVERSITY LAND USE LAW CENTER

Tiffany Zezula, Esq., Deputy Director, Land Use Law Center, Adjunct Professor of Law

THE FIVE PHASES OF PRE-DEVELOPMENT

Most of us clergy, when we went to seminary, did not take a class on how to re-purpose a religious facility to extend the mission of a congregation and build affordable housing. And yet, when we arrive in our congregations, we are usually confronted with the perils and possibilities of working with a facility which might be greatly improved if the congregation knew how to partner with housing finance experts who could help the congregation move forward. I can say in my first congregation, for instance, I had arrived on my first day on the job at St. John's United Church of Christ in Waukegan, Illinois, with a half-built sanctuary, abandoned by the contractor, and 450,000 in debt. The congregation was blessed with extra land which it wanted to use for affordable housing which might help them realize some money to retire the sanctuary debt by the

sale of the property to an affordable housing partnership formed between the church and a for-profit, Chicago based developer. We did succeed, after many twists and turns, in building a 22-unit affordable housing development. It was not built on the church property but a property adjacent to the church which was purchased by the partnership. Eventually, the church sold its property to a single-family home developer. I received a crash course in property development. I wished at the time, that we could have consulted with more people who could help us navigate this complex world but my dad, who was a housing finance expert, provided that assistance. Our mission as a Council is to make the best help and knowledge available to congregations in New York which have a passion to live out their mission and use property to fulfill their mission. Today, we are going to walk you through the phases of development which can give you an idea how to enter this complex world of housing finance and how to get the best help possible.

Most people in housing finance and development did not go to seminary (although there are more than you think), but finance people can also find it challenging to navigate the strange emotional, spiritual, organizational and fickle world of a congregation. They want, however, to pursue a relationship with a congregation since they often have valuable property and a mission-oriented mindset which can make a development happen. Housing finance people also need to listen well to faith leaders who understand the culture of congregations and who can give clues of how finance people can best talk to them and their congregations. They need us and we need them to be in a mutually respectful relationship where we can each help bridge the divides among us to make good things happen.

Today's session is an attempt to bring together two strange worlds and show how we can benefit one another without one party imposing their will on the other.

**PHASE 1
PRE-PRE DEVELOPMENT
THOUGHT PARTNERS**

This is a stage where a congregation and housing finance people think informally together as thought partners about the possibilities for a religious facility without the congregation feeling pressure to put money on the table or sign any agreements in order to get this advice.

At this stage, a congregational leader(s) will want to find a thought partner or partners who think with them about some possibilities for development, encourage a congregation to assemble documents, evaluate a congregation's readiness to evaluate its mission, and have some preliminary conversations with congregations, neighborhood and city/county regional stake holders.

We would recommend the thought partner(s) begin a conversation with the faith leader but then meet with a few decision makers the faith leader trusts to candidly explore a series of questions. The faith leader might want to have a team of three or four to work with them to answer these questions.

The faith leader might do a study series using the Who is My Neighbor? tapes as a basis for discussion with their congregants.

Here are some of the questions for faith leaders will want to answer in conversation with a thought partner in phase 1.

1. Has your congregation revisited its mission of late? How would you and your congregants describe that mission? If you were to informally ask congregants what is the mission of their congregation what do you think they would honestly say?
2. How is the congregation using its property now? Is this a satisfying experience or are there challenges?
3. Has the congregation ever talked about using their building and property for a missional purpose? Not just housing but for any purpose—arts, child care, 12 step groups, community gathering etc.
4. Do congregants know their neighbors and seek to minister to them or build relationships? Do clergy and their congregants have a presence at community events seeking to listen and learn?
5. Have you talked with neighbors about your ideas for your property? What have they told you? Who abuts your property?
6. Are there a few leaders in your congregation who support you and will be willing to work on this project with you? Would you meet with resistance from the congregation if you asked?
7. Is there a pastoral transition underway?
8. What property does the congregation actually own? Does the congregation have a clear title? Do you know where the title and other legal documents are located? Do you know what they say?

9. Is there property near the congregation which the congregation might want to buy or which a potential housing partnership could acquire?
10. Who makes decisions about land use and zoning in your community and what is the process they follow for making those decisions? Have you talked with government officials (planning board people, community development staff, Homes and Community Renewal) about your ideas? What did they say were the possibilities?
11. Does your community have a comprehensive plan? Have you read it? How does your vision relate to that plan?
12. What are other faith communities doing in your community and how are they using their property? Where are the schools, arts centers, affordable housing and other social services in your community? Who do they serve?
13. Have you very preliminarily consulted with an attorney who has expertise in development to discuss your congregation's missional and building needs and discuss with you what you may need to go forward?
14. Have you talked with a couple of developers recommended by these partners who would give you their thoughts on the property without pressuring you to sign any agreements?
15. If someone were to recommend removing the pews to create more flexible community space that could be used at times other than your worship day? How would that proposal be received by the congregation? What is the decision-making process you follow for making significant decisions about your mission and use of property? Do you have by-laws and do you follow them? To do anything significant with your property, do you need the approval of a higher ecclesiastical body? Have you discussed your ideas with those bodies and are you clear about their decision-making process?
16. Are you familiar with the requirements of the New York Attorney General for the sale and disposition of property?
17. What is the history of your community when it comes to affordable housing? Is there a history of redlining, fair housing violations, and segregation? What has the community done to address these inequities? Are there any legal actions being taken against the municipality for housing discrimination? Are congregants aware of this history and what is their reaction to it?
18. What have you learned from other congregations who have done good things with their space to further their mission and how have they financed that effort? Search the internet and pick up the phone to talk with pastoral leaders about their project and experiences to arrive at this decision point.
19. Have you watched the Who is My Neighbor? Seminars and discussed them with your congregants? What was the reaction? What questions were raised?
20. Have you obtained and reviewed United Way's [ALICE — Asset Limited, Income Constrained, Employed data](#) for your region? What does it mean to you?
21. What is the state of your financial records and management systems and when was the last time you had an audit?
22. Have you done an appraisal on your property? When was it done last? What is your property's current value and what would it be worth with certain uses?
23. What are your hopes and expectations about generating more revenue from property (ie. land sales, leases, rental income etc.)?

A CAUTION

As you can see, there are quite a few things congregations can and should figure out without having to pay someone. This phase might take a congregation 6 months or more but maybe less if the congregation has a higher degree of readiness. We caution congregations not to be hasty but to be deliberate in following a timeline and a transparent process. If a congregation pays anyone at this phase, it might be a neighborhood engagement specialist (Pace University Land Use Law Center has such people) to help the congregation gather preliminary information from its neighbors and community leaders. Congregations might talk with a developer to see what they think. While such conversations can be helpful, Congregations want to be sure they **absolutely do not** sign any agreement with a developer at this early stage so as not to have the interests of the developer subsume the congregation's own interests. Let them help you but not subsume you. If you follow the process of phase 1 well, your case for securing pre-development financing, finding a development partner, and finally succeeding in bringing a project to fruition will be much greater. Haste will hurt you. You must also be sure you are communicating with your judicatory bodies about your thinking and understand the requirements of the New York Attorney General.

DECISION

As you make a decision to move to 2, are you clear about who is authorized in your congregation to make a decision and is this clear to the congregation? Transparency in the decision-making process is critical early on.

Decision # 1 After this period of inquiry, which is facilitated by the pastoral leader in collaboration with lay leadership, does your decision making body feel the congregation would be ready to make a decision to do preliminary studies to see if it is more feasible to build affordable housing on the site? Will they be willing to take the steps necessary to obtain grant to get a more in depth analysis?

Decision # 2 If the decision is not to pursue pre-development funds to build affordable housing on church property or property they acquire, the congregation can make another decision to pursue options other than housing for use on the site. That could include:

1. Conducting a feasibility study for a capital campaign
2. Selling part of the property to fix up congregation or add to endowment. Sale or lease of property for an affordable housing development is possible.
3. Removing pews and creating a community space in the sanctuary
4. Consulting with arts organizations about use of your building
5. Talking with childcare or educational institutions about hosting them in your building.
6. Hosting other congregations
7. Offering office space,
8. Rentals to outside groups for events
9. Other???

Please note that all of the above approaches would be worth pursuing which could complement the congregation's mission to build affordable housing.

Decision #3. Not all sites are appropriate for building affordable housing. Regardless, the congregation can make a decision to support other faith community efforts to build affordable housing on their property. There might also be other groups seeking to build an affordable housing development that would need your support in the zoning process. Please remember that building affordable housing in your community is a good thing and helps everyone (including your congregants) regardless of the property on which it is built.

COMMENTARY ON PHASE 1 FROM PARTNERS

Those highlighted in green most directly offer services in this area for phase 1.

ATTORNEY GENERAL MISSION BASED AFFORDABLE HOUSING PARTNERSHIP

Julie Barrett O'Neill, Coordinator, Western New York Office and Executive Director, Buffalo Office, Local Initiatives Support Corporation (LISC)

Susan Cotner, Coordinator, Capital Region Office and AHP Homeownership Center, Affordable Housing Partnership and Community Development Alliance

Rose Noonan, Coordinator, Westchester, Putnam, Rockland, Orange and Dutchess Counties, Executive Director, Housing Action Council

Thought Partners

BRICKS AND MORTALS

Kate Toth, Project Director

COMMUNITY PRESERVATION CORPORATION

The Reverend Dr. Lawrence G. Hammond, Vice President and Mortgage Officer in the Community Preservation Corporation's (CPC) New York City Originations Office

Michael Skrebutenas, Senior Vice-President, Regional Director, Capital Region

Beyond Scope

ENTERPRISE COMMUNITY PARTNERS, INC.

Victoria Rowe-Barreca, Director of Capital Solutions and Partnerships, New York City

Breanna Hudson, Senior Program Officer, Attorney General Development Program, Long Island

Lydia Tom, Senior Advisor, Initiatives, Attorney General Affordable Housing Program, Long Island

Thought Partners

HOMES AND COMMUNITY RENEWAL

Darren J. Scott, AICP, Upstate East Director of Development
Lenny Skrill, Assistant Commissioner

Thought Partners

INTERFAITH AFFORDABLE HOUSING COLLABORATIVE

Marc Greenberg, President and Executive Director, Interfaith Assembly on Housing and Homelessness

The Reverend Peter Cook, Vice-President, and Executive Director, New York State Council of Churches

Thought Partners

LEVITICUS FUND

Greg Maher, Executive Director

Informal thought partner but some staff limitations

LOCAL INITIATIVES SUPPORT CORPORATION (LISC)

Valerie White, Executive Director and Attorney General Affordable Housing Program, New York City

Ibrahima Souare, LISC Community Development Officer, New York Land Opportunity Program (NYLOP)

Emily Blank, Senior Community Development Officer

Grace Chung, Senior Community Development Officer

Lori Barton, Community Development Officer for Operations

Nisha Mistry, Director of External Affairs

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

Jolie Milstein, Executive Director

Christopher R. Widelo, Director of External Affairs

NYSAF members who are consultants who could serve as thought partners on a pro-bono basis

Tiffany Zezula, Esq., Deputy Director, Land Use Law Center, Adjunct Professor of Law

Community and Neighbor Engagement and Consultation

Visioning Workshops: facilitation of brainstorming sessions with organizational leadership on reuse strategies; presentation of best practices and case studies in the adaptive reuse of houses of worship; public education and engagement of surrounding neighbors; collaborative planning workshops with organizational leaders, community organizations, and public officials.

Site Analysis: analysis of site's development potential based upon existing land use, zoning, site planning, historic preservation, and environmental regulations; presentation of the land use approval process required for site's redevelopment; analysis of property's current financial performance.

Community Needs Analysis: comprehensive assessment of surrounding neighborhood land uses, densities, and design features; mapping of key landmarks, civic institutions, parks, gateways, and transportation access points; inventory of neighborhood social services; assessment of community needs through public workshops, surveys, and data analysis.

Market Analysis: determination of the market demand for different land uses including residential, commercial, retail, cultural facilities, social services, healthcare, and education; compilation of comparable redevelopment projects including tenant mix, absorption times, funding sources and financing terms, cash flow, and return on investment.

Reuse Plans: preparation of reuse scenarios reflecting market demand, regulatory requirements, and community needs; financial feasibility / return on investment analysis; regulatory compliance guidance including land use approval process and compliance with environmental regulations; justifications for variance and rezoning requests; guidance on implementation and funding options

PHASE 2
GATHERING INFORMATION
PRE-DEVELOPMENT GRANTS FOR AFFORDABLE HOUSING

Once the congregation has clearly made a decision to explore the possibility of building affordable housing on their site or property, they are ready to do some preliminary assessments which can be offered pro-bono or require payment.

This is the stage where a congregation has the benefit of securing legal counsel and other professionals furnishing other studies, which represent them and only them. For instance, a congregation wanting to use their land or acquire land would be advised to secure their own appraisal as opposed to one paid for by a developer. They need to secure legal counsel, not paid for by a developer, to represent their interests alone. Typically, at the beginning of this stage, an attorney would develop a “scope of work” which outlines the tasks and costs for the pre-development stage. This scope will help a congregation apply for pre-development grants or recoverable grants (not loans) The scope must be approved by the designated decision-making body of the church.

Information one can receive pro/bono or in exchange for payment often using grant money:

1. A new appraisal of the property. The appraisal takes into account what the property is worth and could be worth given certain kinds of development. An old appraisal will not suffice.
2. Title Report of the property
3. Legal analysis performed by an attorney (who must not be a member of the congregation) who specializes in affordable housing development and works with faith based institutions, including zoning, land acquisition, deeds and titles (ie. is there a burial ground on which you cannot build?) and is familiar with processes and people at state and municipal funding agencies.
4. A more in-depth community conversation means a consultation with stake holders in neighborhood and community which might be performed by the same person who performed the initial consultation in phase 1.
5. A massing study and maybe an architectural design showing how structures would be arranged on the property in light of zoning.
6. Environmental analysis (toxic waste and/or wetlands)
7. Performing a market study. What kind of housing will work on this site and for what populations?
8. Financing feasibility under an affordable housing program
9. An attorney and/or architect) can work with you to bring these pieces together. A consultant or negotiation partner could also do this but it more likely engaged at stage 3.

Some of services could be offered pro-bono. Some costs could be recovered as part of the closing of a project much later down the line, but the grants should not have to be paid back if

there is no closing. Taking out a pre-development loan at this stage would not be possible or recommended.

Caution

We do not recommend having a developer, who might have an interest in the developing the property, offer services in phase. Do not hire anyone with a written expectation that they will have the job at the end of the inquiry, The attorney representing the congregation can advise you about these relationships.

Decision

Does the congregation believe that, after the pre-development studies have been completed in Phase 2, that they could move to phase 3 to engage an attorney, a consultant (negotiating partner) and an architect and two others from the congregation who would exclusively represent the congregation? That attorney and negotiating partner will help the congregation decide whether they wish to:

- 1) Formalize a team who would create a Request for Proposals (RFP) on which developers would bid

or

- 2) Create a Request for Qualifications (RFQ) where several developers submit their qualifications with the understanding that, if they are selected, they will build the project. Following either path, the congregation will need their own attorney, negotiating partner (consultant) and architect.

COMMENTARY ON PHASE 2 FROM PARTNERS

Those highlighted in green most directly offer funds and or pro-bono help for services in this area and should be clear the fund and/or service they offer at this phase, but all are welcome to contribute their perspective on phase 2.

ATTORNEY GENERAL MISSION BASED AFFORDABLE HOUSING PARTNERSHIP

Julie Barrett O'Neill, Coordinator, Western New York Office and Executive Director, Buffalo Office, Local Initiatives Support Corporation (LISC)

Susan Cotner, Coordinator, Capital Region Office and AHP Homeownership Center, Affordable Housing Partnership and Community Development Alliance

Rose Noonan, Coordinator, Westchester, Putnam, Rockland, Orange and Dutchess Counties, Executive Director, Housing Action Council

Provide all these services with the exception of an appraisal for an extra fee in some cases but all these costs should be covered by attorney general

Sometime recoverable grants from other the attorney general office can be offered by the Western Office LISC

BRICKS AND MORTALS

Kate Toth, Project Director

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Michael Skrebutenas, Senior Vice-President, Regional Director, Capital Region

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Victoria Rowe-Barreca, Director of Capital Solutions and Partnerships, New York City

Breanna Hudson, Senior Program Officer, Attorney General Development Program, Long Island

Lydia Tom, Senior Advisor, Initiatives, Attorney General Affordable Housing Program, Long Island

We will provide pro-bono or financial assistance around zoning and some legal advice.

HOMES AND COMMUNITY RENEWAL

Darren J. Scott, AICP, Upstate East Director of Development
Lenny Skrill, Assistant Commissioner

HCR does not provide funds at this stage in the process

INTERFAITH AFFORDABLE HOUSING COLLABORATIVE

Marc Greenberg, President and Executive Director, Interfaith Assembly on Housing and Homelessness

The Reverend Peter Cook, Vice-President, and Executive Director, New York State Council of Churches

The Collaborative will provide small recoverable grants or we will facilitate connections with others who can offer these services on a pro-bono basis

LEVITICUS FUND

Greg Maher, Executive Director

A little more technical assistance but no money

LOCAL INITIATIVES SUPPORT CORPORATION NEW YORK CITY (LISC NYC)

Valerie White, Executive Director

Beginning in 2021, LISC NYC will provide selected congregations with pro-bono pre-development support to help faith-based organizations understand what they can develop on their land. This support includes:

1. zoning and architectural analysis, 2. appraisal, and 3 training on options for partnership structures with developers (joint venture, ground lease, etc)

[Ibrahima Square](#), LISC Community Development Officer, New York Land Opportunity Program (NYLOP)

Emily Blank, Senior Community Development Officer

Grace Chung, Senior Community Development Officer

Lori Barton, Community Development Officer for Operations

Nisha Mistry, Director of External Affairs

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

Jolie Milstein, Executive Director

Christopher R. Widelo, Director of External Affairs

Interested in putting together a standing group available to provide these services on a rotating basis.

PACE UNIVERSITY LAND USE LAW CENTER

Tiffany Zezula, Esq., *Deputy Director, Land Use Law Center, Adjunct Professor of Law*

**PHASE 3
FORMING A PRE-DEVELOPMENT TEAM**

PREPARING CONTENT FOR REQUEST FOR PROPOSALS (RFP)

OR

A REQUEST FOR QUALIFICATIONS (RFQ) TO SECURE DEVELOPER

This is a phase where the congregation forms a team (if they have not done so already) to include an attorney, a negotiating partner (consultant) and an architect (not members of the congregation) which just represents them. The team may also include a couple of church representatives but should not serve as the consultant, attorney or architect.

The team helps the congregation to collect and organize all the information from phase 1 and 2 plus gather additional information to create either a Request for Proposals or a Request for Qualifications.

1. Request for Proposals

A Request for Proposal includes a development plan **with numbers** which is put out to bid for potential developers who compete to enter into a development agreement with the congregation to build the development. A good deal of information needs to be collected to form a strong RFP which will receive attractive bids from interested developers. Creating an RFP means obtaining grant money to pay for the work to assemble an RFP. Such groups would be LISC New York City, Attorney General Money, Enterprise, Interfaith Collaborative and others.

2. *Request for Qualifications*

A Request for Qualifications outlines the congregations hopes for a development but does not have as much specificity about the shape of the development as an RFP and contains **no numbers**. The RFQ asks developers to submit their proposals for the project. The congregation would then decide on a developer, with whom they agree to work with exclusively, to bring the project to completion. The advantage of this approach is that the congregation gathers a good deal of ideas about how to bring their project to fruition while ensuring that they have a partner who will work for them since they have a vested interest in the project being completed. Creating an RFQ and negotiating an agreement to work exclusively with one developer requires that the congregation has an excellent attorney and negotiating partner (consultant) who ensures the church is getting the best deal possible. The congregation's attorney and negotiating representative would continue to monitor the work of the developer and contribute to some of the effort, to bring the congregation to the point where they can negotiate a contract with a joint partner.

Whether a congregation decides to create an RFP or an RFQ might, in part, depend on the availability of grant dollars so the congregation can pay for the people to create an RFP. If they don't have grant dollars or other means to front money, they might want to enter into an

exclusive agreement with a developer who will assume more of these costs (which would usually be born by grants to assemble an RFP) because they know they will construct the project. Again, the attorney and negotiating partner can help a congregation figure out which path to pursue and help them assemble the best RFP to put out to bid or assemble and negotiate an RFQ with a developer.

Payment for these services could come in kind from LISC and Enterprise or in the form of recoverable grants from sources like the Interfaith Affordable Housing Collaborative or the Attorney General's Pre-Development Grant program.

The congregation may also be urged in phase 3 to set up a separate 501c3 to potentially partner with a developer, to reduce the congregation's legal exposure and make it easier to attract capital for the project.

Caution

This is a phase where the congregation needs to focus as much as possible on finding a trusted attorney and consultant at the beginning of phase 1 with a track record of bringing projects to fruition and has a good working relationships with the development community and government funding entities. The RFP must be assembled carefully to ensure there is a realistic chance there will be bidders instead of spending a lot of money, for instance on architect fees for designs which would never get funded. If the congregation does seek to select a developer through the RFQ process, they must remember to execute this document with a very skilled attorney and negotiating partner who represents only the congregation's interests and ensures the congregation has a reliable development partner who will be able to deliver on their promises.

The attorney must work with consultant to manage predevelopment costs and seek out grants while keeping the congregation's financial and legal exposure to a minimum. The congregation also needs to be clear about its financial needs and have an appreciation for what they can realistically gain from the project. Some projects will generate more financial gain than others. Remember the congregation might not necessarily make money on the deal but they don't have to lose money either. There is a spiritual and long-term value in the congregation investing in its community. It is also possible that the congregation could get some percentage of the development fee. Please remember that, given the uncertain funding environment because of COVID, the time horizon to secure the needed funds might take longer than usual. The congregation should be prepared to be patient.

A congregation should not expect nor will it be possible to take out a pre-development loan for costs for phase 3.

Decision

The decision to follow an RFQ process and select a developer is made at the beginning or middle of phase 3.

If the congregation has sketched out a development numbers for Request for Proposal track, towards the end of phase 3, is the congregation satisfied with the RFP and are they ready to seek bidders on a request for proposals? Does the congregation feel that, even at the end of stage 3, they can't put an RFP to put out to bid, must go in a different direction (like sell land outright) or use it for another purpose? Is the congregation ready to stand behind the decision to put the development out to bid or is there significant internal disagreement in the congregation that could be reasonably resolved or that could derail the project? What is the tolerance level for the congregation to wait a long period of time (3 to 5 years) for project financing to be realized depending on the funding environment?

COMMENTARY ON PHASE 3 FROM PARTNERS

Those highlighted in green most directly offer services in this area.

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Susan Cotner, Coordinator, Capital Region Office and AHP Homeownership Center, Affordable Housing Partnership and Community Development Alliance

Rose Noonan, Coordinator, Westchester, Putnam, Rockland, Orange and Dutchess Counties, Executive Director, Housing Action Council

Some money for legal services to faith-based entities to hire an attorney
Outside AG Funds, we would serve as a facilitator or negotiating representatives

BRICKS AND MORTALS

Kate Toth, Project Director

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Breanna Hudson, Senior Program Officer, Attorney General Development Program, Long Island

Lydia Tom, Senior Advisor, Initiatives, Attorney General Affordable Housing Program, Long Island

Converse with the church after gathering information in phase 1 and 2 and provide advice. We are not developers or generate capital for the project

HOMES AND COMMUNITY RENEWAL

Darren J. Scott, AICP, Upstate East Director of Development
Lenny Skrill, Assistant Commissioner

INTERFAITH AFFORDABLE HOUSING COLLABORATIVE

Marc Greenberg, President and Executive Director, Interfaith Assembly on Housing and Homelessness

The Reverend Peter Cook, Vice-President and Executive Director, New York State Council of Churches

We provide grants to cover costs for an attorney representing congregations and a negotiating representative

LEVITICUS FUND

Greg Maher, Executive Director

LOCAL INITIATIVES SUPPORT CORPORATION NEW YORK CITY (LISC NYC)

Valerie White, Executive Director

Once a faith-based organization has completed the earlier steps, LISC NYC provides NYLOP participants with pro bono technical assistance to help them develop an RFP that is informed by the organization's mission/goals, appraisal and an architectural zoning analysis.

Ibrahima Souare, LISC Community Development Officer, New York Land Opportunity Program (NYLOP)

Emily Blank, Senior Community Development Officer
Grace Chung, Senior Community Development Officer
Lori Barton, Community Development Officer for Operations
Nisha Mistry, Director of External Affairs

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

Jolie Milstein, Executive Director
Christopher R. Widelo, Director of External Affairs

PACE UNIVERSITY LAND USE LAW CENTER

Tiffany Zezula, Esq., *Deputy Director, Land Use Law Center, Adjunct Professor of Law*

Land Use Disposition Strategy: guidance on options for conveying property (sell or lease); preparation of a solicitation strategy; drafting of solicitation documents (RFP, RFQ, RFEI); identification of prospective developers; preparation of a marketing strategy; coordination with designers and lawyers

PHASE 4

NEGOTIATING A CONTRACT SPRINGING FROM A REQUEST FOR PROPOSALS TO FORM A JOINT PARTNERSHIP OR OTHER ARRANGEMENT

Here the consultant, attorney and architect and the other on the team work with the congregation, use an RFP to solicit proposals or bids from potential developers and negotiate a contract with a developer. Again, it is critical that the congregation have an attorney who represents only them to execute a joint agreement and helps the congregation assess how well its interests are being met in the deal and decide whether to sign the contract or walk away if they are not getting an appropriate deal.

The process to enter to a contract with a developer in response to an RFP in phase 4 is similar to executing an agreement with a developer in phase 3 through the RFQ process.

In phase 3, the congregation may have formed a separate 501C3 whose board or potential be brought into this negotiation of a contract.

The congregation needs to be sure they are working with a developer who has a good track record in building developments and securing funds. They should be known and trusted by funding agencies.

In the contract, the congregation must secure every protection to reduce legal exposure or limit financial liability. Work with your attorney (not the developer's attorney) to imagine everything that could go wrong and ensure you have safety valves in the contract. This is, again, why you need an attorney with a lot experience with these transactions. It might be the congregation will not see as much money as they had hoped out of the deal and should be prepared for that eventuality. Remember, a successful development, even if it does not generate as much cash as was hoped, in the long run will benefit the congregation in terms of mission and credibility in the community. It is also important to remember that if one forces the developer to over promise, the congregation may discover they have to come up with extra funds if the developer comes up short. At the same time, the congregation needs to be a tough negotiator with the help of their negotiation partner (consultant) and an attorney.

Decision

Will the congregation approve the development agreement of a joint contract from a developer who bid on the Request for Proposals (RFP) or will they opt to select another developer to try and negotiate a contract with them?

COMMENTARY ON PHASE 4 FROM PARTNERS

Those highlighted in green most directly offer services in this area.

ATTORNEY GENERAL MISSION BASED AFFORDABLE HOUSING PARTNERSHIP

Julie Barrett O'Neill, Coordinator, Western New York Office and Executive Director, Buffalo Office, Local Initiatives Support Corporation (LISC)

Susan Cotner, Coordinator, Capital Region Office and AHP Homeownership Center, Affordable Housing Partnership and Community Development Alliance

Rose Noonan, Coordinator, Westchester, Putnam, Rockland, Orange and Dutchess Counties, Executive Director, Housing Action Council

Will pay for attorney representing the church

BRICKS AND MORTALS

Kate Toth, Project Director

COMMUNITY PRESERVATION CORPORATION

The Reverend Dr. Lawrence G. Hammond, Vice President and Mortgage Officer in the Community Preservation Corporation's (CPC) New York City Originations Office

Michael Skrebutenas, Senior Vice-President, Regional Director, Capital Region

ENTERPRISE COMMUNITY PARTNERS, INC.

Victoria Rowe-Barreca, Director of Capital Solutions and Partnerships, New York City

Breanna Hudson, Senior Program Officer, Attorney General Development Program, Long Island

Lydia Tom, Senior Advisor, Initiatives, Attorney General Affordable Housing Program, Long Island

Money to hire a negotiating representative

HOMES AND COMMUNITY RENEWAL

Darren J. Scott, AICP, Upstate East Director of Development
Lenny Skrill, Assistant Commissioner

Will need to bless pre-development loans

INTERFAITH AFFORDABLE HOUSING COLLABORATIVE

Marc Greenberg, President and Executive Director, Interfaith Assembly on Housing and Homelessness

The Reverend Peter Cook, Vice-President, and Executive Director, New York State Council of Churches

LEVITICUS FUND

Greg Maher, Executive Director

LOCAL INITIATIVES SUPPORT CORPORATION NEW YORK CITY (LISC NYC)

Valerie White, Executive Director

Once the NYLOP participant has received responses from developers, completed initial screening and selected a top-choice developer, LISC NYC provides program participants with a grant to hire an expert attorney to represent the church in a negotiation with a developer. LISC NYC does NOT select the developer for the participant.

[Ibrahimia Square](#), LISC Community Development Officer, New York Land Opportunity Program (NYLOP)

Emily Blank, Senior Community Development Officer

Grace Chung, Senior Community Development Officer

Lori Barton, Community Development Officer for Operations

Nisha Mistry, Director of External Affairs

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

Jolie Milstein, Executive Director

Christopher R. Widelo, Director of External Affairs

PACE UNIVERSITY LAND USE LAW CENTER

Tiffany Zezula, Esq., *Deputy Director, Land Use Law Center, Adjunct Professor of Law*

PHASE 5 JOINT PARTNERSHIP SEEKS FUNDING

In this stage, the newly formed joint-partnership pursues government funding in what is usually a highly competitive process. There may be neighbor resistance and approvals from town boards and staff which could mean it will take much longer than expected to complete a development. If better consultation happen in earlier phases, these approval processes may go more quickly but there are really no guarantees. How much involvement the congregation will have in garnering funding and government approvals is hard to say but the more value they bring to this part of the process, the higher percentage they would receive in a developer fee which was negotiated as part of the contract at phase 4 resulting from an RFP or at phase 3 resulting from an RFQ.

Pre-development and development costs can escalate in phase 5 with the need for more detailed architectural designs to go before planning boards, community engagement consultants who know how to help congregation work with neighbors and town officials, legal fees, and soil bearing studies, and a new appraisal to name a few of the costs.

At this stage it may be appropriate to take out a pre-development loan to cover costs where there is strong assurance the loan will be re-paid at closing.

Caution

Joint venture development partners are competing with other affordable housing developers for limited government funds. Some affordable housing projects usually require a number of different subsidy sources, and it can take years to secure the funding awards for a project before can construction begin.

A congregation's chances of securing government financing are better if they went through all the phases and took no short cuts and were not pressured into provisions that could not be upheld or supported by the congregation.

Also, if any property from the congregation is sold or re-purposed, they will need to have the approval of the attorney general. The likelihood of AG approval is higher if the congregation and their attorney are conferring with the AG in the earlier phases.

These are the kinds of funds which can be used including”

- 4% tax credits
- 9% tax credits
- ESSHI Funds
- USDA Funds
- State dollars
- Loan products
- City dollars
- Foundation dollars
- Denomination dollars

- Private donors
- Homeowner programs
- Habitat for Humanity
- Congregation dollars

COMMENTARY ON PHASE 5 FROM PARTNERS

Those highlighted in green most directly offer services in this area.

ATTORNEY GENERAL MISSION BASED AFFORDABLE HOUSING PARTNERSHIP

Julie Barrett O'Neill, Coordinator, Western New York Office and Executive Director, Buffalo Office, Local Initiatives Support Corporation (LISC)

Susan Cotner, Coordinator, Capital Region Office and AHP Homeownership Center, Affordable Housing Partnership and Community Development Alliance

Rose Noonan, Coordinator, Westchester, Putnam, Rockland, Orange and Dutchess Counties. Executive Director, Housing Action Council

BRICKS AND MORTALS

Kate Toth, Project Director

COMMUNITY PRESERVATION CORPORATION

The Reverend Dr. Lawrence G. Hammond, Vice President and Mortgage Officer in the Community Preservation Corporation's (CPC) New York City Originations Office

Michael Skrebutenas, Senior Vice-President, Regional Director, Capital Region

Provides Loans

ENTERPRISE COMMUNITY PARTNERS, INC.

Victoria Rowe-Barreca, Director of Capital Solutions and Partnerships, New York City

Breanna Hudson, Senior Program Officer, Attorney General Development Program, Long Island

Lydia Tom, Senior Advisor, Initiatives, Attorney General Affordable Housing Program, Long Island

HOMES AND COMMUNITY RENEWAL

Darren J. Scott, AICP, Upstate East Director of Development

Lenny Skrill, Assistant Commissioner

Provide Financing

INTERFAITH AFFORDABLE HOUSING COLLABORATIVE

Marc Greenberg, President and Executive Director, Interfaith Assembly on Housing and Homelessness

The Reverend Peter Cook, Vice-President, and Executive Director, New York State Council of Churches

LEVITICUS FUND

Greg Maher, Executive Director

Provide Loans

LOCAL INITIATIVES SUPPORT CORPORATION NEW YORK CITY (LISC NYC)

Valerie White, Executive Director

LISC NYC provides loans. Note: Organizations do not have to be in NYLOP in order to approach LISC NYC for financing on a project. To learn more about financing options, please reach out to: asuarez@lisc.org

NEW YORK STATE ASSOCIATION FOR AFFORDABLE HOUSING

Jolie Milstein, Executive Director
Christopher R. Widelo, Director of External Affairs

PACE UNIVERSITY LAND USE LAW CENTER

Tiffany Zezula, Esq., Deputy Director, Land Use Law Center, Adjunct Professor of Law

LESSONS LEARNED

What lessons have you learned from helping congregations figure out their mission and then entering into the development process? What have congregations learned about this process? What advice can we offer to one another going forward especially in this COVID 19 period?

Grace Chung, Senior Development Officer, LISC, NYC offer these lessons learned:

- 1. Do your due diligence:** start the process with as much information as possible. Know your assets and their financial worth (which can be determined through an appraisal), legal constraints (title on the property, affiliation with a hierarchical church, requirements for attorney general involvement etc.) and needs and speak with public and private organizations that can offer support and resources.
- 2. Put out a Request for Proposals (RFP) and don't wait for developers to approach you.** Once you know what you want, be proactive in soliciting proposals. It is better to review multiple proposals than from one developer only. Conduct thorough due diligence of proposals which includes interviews with all developers under consideration and reference checks. Retain an attorney that is experienced in brokering agreements between nonprofit entities and affordable housing developers.
- 3. Recognize the delicacy and complexity of the process in terms of the loss of the original building, how these changes might impact congregants, and the development process itself.** Development projects may take many years to complete and the congregation must be in agreement and in continuous communication. FBOs also have to make sure that if they have a "parent organization" that they are informed and in agreement throughout every step of this process.
- 4. Have a professional development team and make sure to vet them properly before bringing them on board.** Even if congregants are professionally involved with real estate it is also recommended to work with external consultants who can fill gaps in expertise. This team should include an attorney, architect, and owner's representative. The congregation should consider assembling a team from HPD's list of prequalified Owners' Representative.
- 5. Religious organizations should not overspend upfront.** Some nonprofit entities offer initial grants and many consulting firms are often willing to have initial conversations and preliminary analysis completed for free or a low cost upfront.