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Client Focused. Results Driven.

Who is My Neighbor? Maximizing Real Property for Mission and/or Income

Pace Zoom Session One
June 30, 2020



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Client Focused. Results Driven.

Who Are We?

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Agenda

- 1) Introduction
- 2) Examples of Maximizing Space & Identifying Opportunities
- 3) Legal, Planning and Architectural First Concerns/ First Steps towards Maximizing Your Space & Discovering Opportunity
- 4) Case Study
- 5) Next Steps and Q and A



Introduction

Faith Based properties are generally categorized in three contexts:
'Urban' 'Rural' and 'Transitional'

'Transitional' captures a range of context that is not overtly *'Urban'* or easily recognized as *'Rural'*. Properties which are located within small town fabrics, villages or larger municipalities are categorized as *'Transitional Context'* in our discussion.

Our wrap up case study is located in *'Transitional Context'*.

Recognizing potential towards maximizing opportunities is team process utilizing a range of land use professionals. Congregations, Religious Institution leaders and other desired stake holders round out the team.

Passage of time, societal evolution, emerging ministerial missions, shifting community fabrics and economics lend to today's discussion. Wrapped in varying degrees of urgency.



Examples of Maximizing Space

Maximizing 'space' includes analyzing interior and exterior opportunities.

Initially the process is Land Use Professional driven as it relates to site and existing structure metrics. The primary categories of initial analysis include:

- Zoning context and opportunities
- Planning and Environmental context
- Legal context
- Real Estate value and context
- Other components defining land use potential.

Maximizing opportunities merges existing use patterns, desired use patterns and potential use patterns.

Maximizing opportunities responds to varying scale and context from limited interior improvements to reimagining an entire site master plan's potential.

Maximizing opportunities often bridges patterns of traditional facility use with new uses, new facilities and new patterns of use.



SALE

LEASE

LICENSE

LEGAL COMMITMENT

FINANCIAL COMMITMENT

ZAD

**ENVISION &
REIMAGINE**

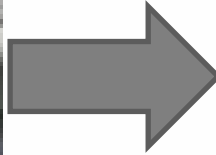
RENOVATE

REPURPOSE

DEVELOP



Renovation – Transitional Housing





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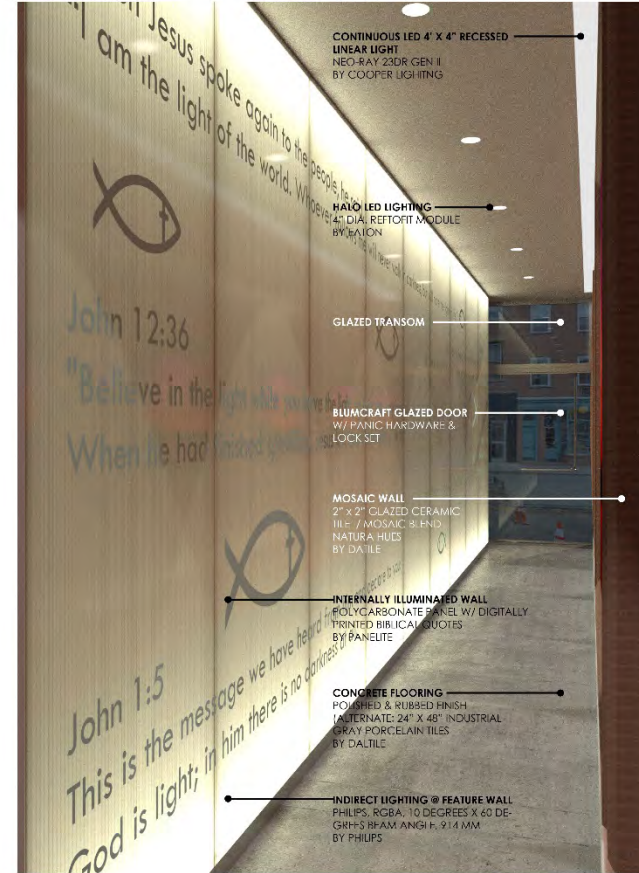
6/30/2020



VIEW 1/ ENTRANCE CORRIDOR



VIEW 2/ ENTRANCE CORRIDOR



ZAD

INTERIOR FINISHES BOARD
STRONG PLACE BAPTIST CHURCH
273 Court Street, Brooklyn NY
11/30/2018

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Strong Place Baptist Church

VIEW 3/ ELEVATOR VESTIBULE @ CORRIDOR



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VIEW 4/ WORSHIP ROOM



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Strong Place Baptist Church

VIEW 5/ WORSHIP ROOM



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VIEW 6/ WORSHIP ROOM



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Zoning Study

The property is in the Levittown Planned Residence (LPRD) District which is geared mostly to single family residences.

However, the village provides a **Golden Age Residence District (GA)** for people 55 and over, with the following restrictions:

- Shall not be greater than **2 ½ stories** or **35 feet in height**
- Shall not exceed **35% of the lot area**
- 5 Parking** spaces are required for **3 units**
- Density is only **30 units per acre**
- Required to have at least 25sf per dwelling unit for outdoor recreational area
- Required to have at least 10sf per dwelling unit for indoor recreational area

Based on the findings for a **GA** District above we can do the following:

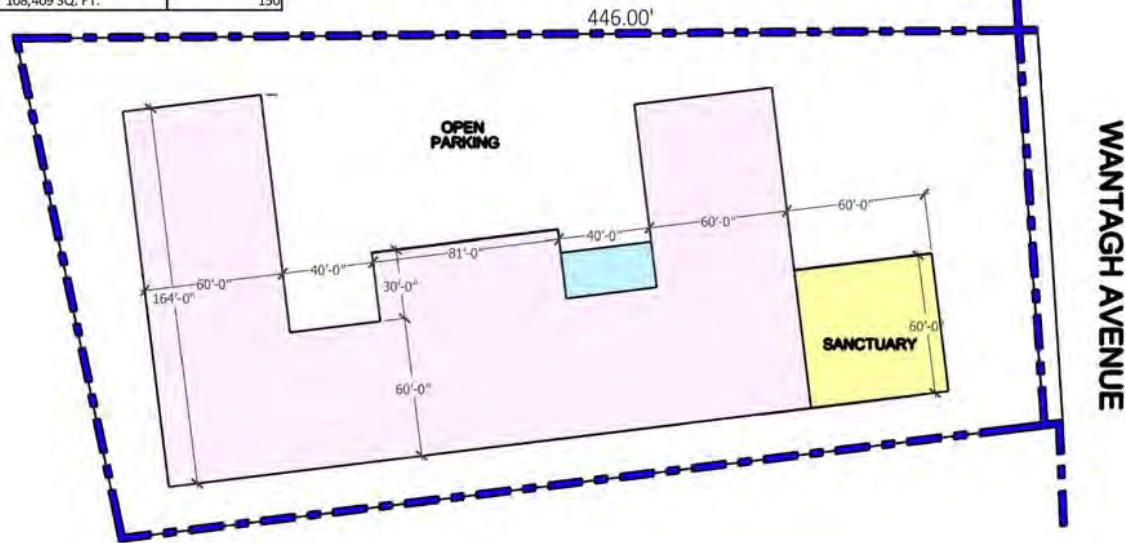
- The lot area is **83,199sf** or **1.9099 Acre**
 - Maximum Density is **57 Units**
 - Maximum Lot Coverage: $83,199\text{sf} \times .35\% = 29,119.65\text{sf}$
 - $29,119.65\text{sf} / 750\text{sf/DU} = 38 \text{ DU's} \times 2.5 \text{ stories} = 97 \text{ Units}$ ($97 > 57$ or **-40% deficiency**)
 - Parking required $97 / 3 = 32.33 \times 161.66 \sim 167 \text{ Cars}$ which seems **-highly excessive for this type of use.**
- For this amount of cars, we would require about 50,000sf of space, not feasible!

Pursue Variance.



OPTION 1: PROPOSED INDEPENDENT SENIOR LIVING & CHURCH DEVELOPMENT			
FLOORS	RESIDENTIAL (SQ. FT.)	CHURCH (SQ. FT.)	RESIDENTIAL UNITS
1ST FLOOR	11,960	5,399	
2ND FLOOR	28,551	1,799	50
3RD FLOOR	30,350		50
4TH FLOOR	30,350		50
SUBTOTAL	101,211	7,198	150
TOTAL	108,409 SQ. FT.		150

ON-SITE PARKING	37,952 SQ. FT. / 300 SQ. FT.
	126 CAR SPACES



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PLAN VIEW

INDEPENDENT SENIOR LIVING & CHURCH
DEVELOPMENT - ZONING ANALYSIS

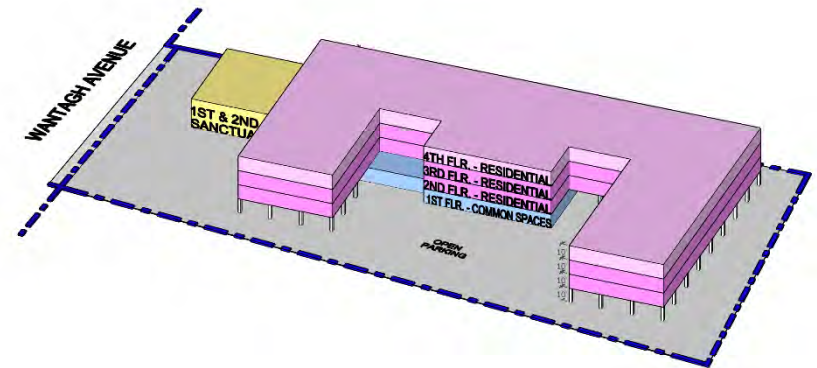
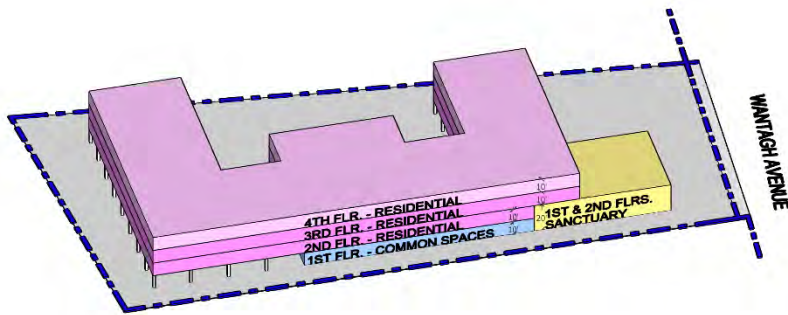
474 WANTAGH AVENUE
LEVITTOWN, NEW YORK

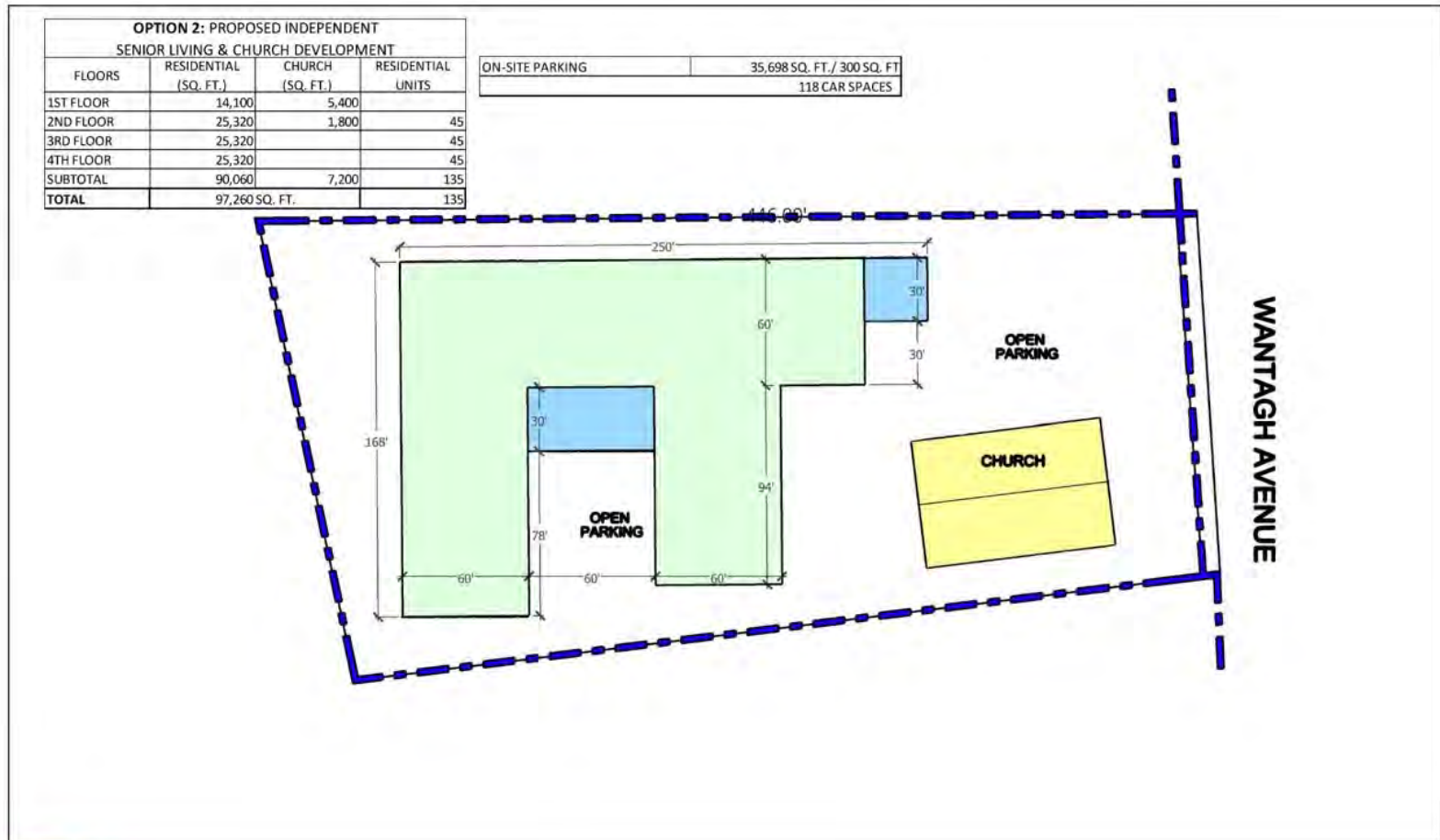
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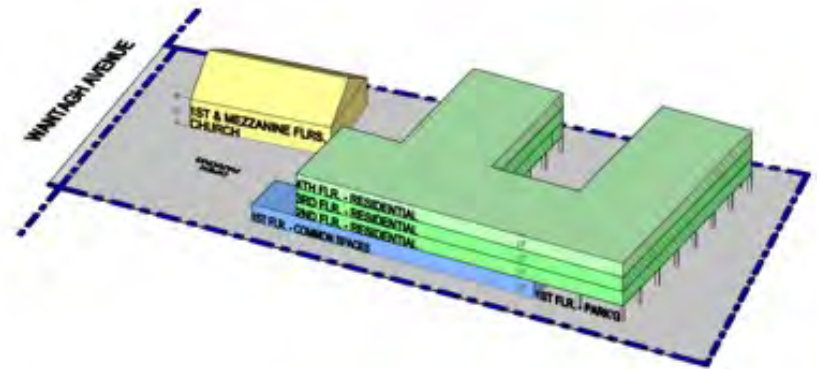
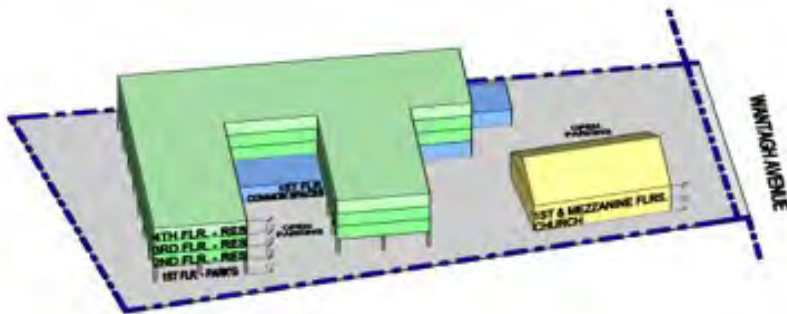
AS NOTED:
04.10.2020
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Suburban Development









Suburban Development





Suburban Development





Suburban Development





Legal, Planning and Architectural first concerns/ first steps with maximizing your space towards discovering opportunities



Steps to Space Maximization

- 1) Decide action is required
- 2) Gather documents and implement reconnaissance
- 3) Assemble your team
- 4) Evaluate
 - 1) Internal and external needs, desires and values
 - 2) Internal and external support / opportunities
- 5) Define, establish compass points, create a 'plan'
- 6) Approve and implement the 'Approvals Process'
 - 1) Internal
 - 2) External
- 7) Implement 'Plan'



Evaluate - Ownership and Organization

1) Ownership

1) (How) do you own your property

- a. Hierarchical Body
- b. Directly
- c. Affiliate

2) Are there restrictions on your property

- a. Deed Restrictions/ Easements
- b. Landmarking
- c. Zoning/Building Code Issues

3) Do you have a survey

2) Organization

1) Who is the body that approves real property decisions

2) Does the congregation need to approve

3) Are you part of a hierarchical structure



Evaluate – Internal & External Need & Value

1) Need

1) Internal

1) Mission/Income

2) External

1) Housing and Homelessness

2) Value

1) Internal

1) What are these spaces worth to Religious Organization

2) External

1) Appraisal

a. Cost, Sales, Income

2) Broker Opinion of Value

3) Asset Mapping



Evaluate - Tax Considerations

- Income Tax
 - UBIT
- Real Property Tax – 420a
 - Owner's Use
 - Owned by a corporation or association organized or conducted exclusively for religious, charitable, etc. Purposes
 - Used exclusively for carrying out thereupon one or more of such purposes either by the owning corporation or another such corporation as hereinafter provided shall be exempt from taxation as provided in this section.
 - If licensed/leased
 - Licensee/tenant used exclusively to carry out thereupon one or more of the owner's purposes
 - Moneys paid for such use **do not exceed the amount of the carrying, maintenance and depreciation charges of the property or portion thereof.**



Evaluate - Funding Opportunities

- Lender's
 - Community Development Financial Institutions (CDFI's)
 - Religious Institution Lenders
- Grantors
 - Capital Campaign
 - Grant Funds
 - Discretionary Funds
 - Technical Assistance
- Partners
 - Tenant
 - Joint Venture Partner
 - Purchaser
- A secular nonprofit affiliate may help



Solicit & choose a product, plan and partner

1. Asset Based Community Development
2. Broker
3. Request for Proposal



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

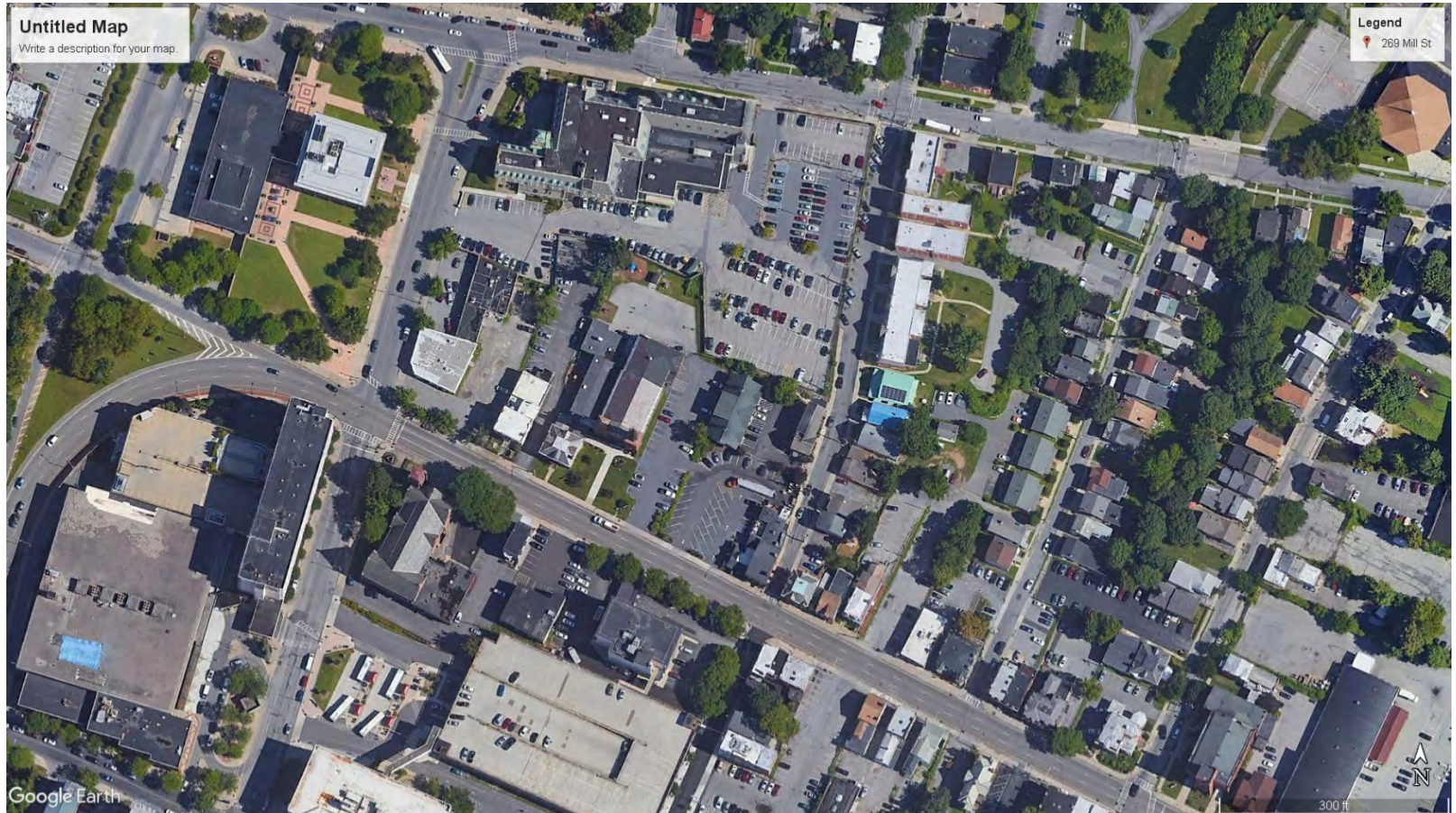
- A. Protestant Episcopal church
 - the bishop
 - standing committee
- B. Roman Catholic Church
 - the archbishop
- C. Ruthenian Catholic Church of the Greek rite
 - the bishop
- D. African Methodist Episcopal Zion Church
 - the bishop
- E. Presbyterian Church
 - Presbytery
- F. United Methodist Church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



Case Example – First Congregational United Church of Christ Poughkeepsie, NY



Neighborhood Context





Neighborhood Context





Celebrating 125 years of
Faith, Service, & Justice

First Congregational Church
UNITED CHURCH OF CHRIST

Building Bridges & Sharing Hope
1892-2017



Decide you need to do something

Leadership is recognizing challenges towards increasing revenue and serving community needs

- Revenue
 - Positive, but Insufficient to pay for ongoing maintenance or unexpected costs
 - Lease with daycare is below market (and untaxed) because it serves mission
- Mission
 - Some desire to address homeless issues and LGBTQ
 - Mix of goals
 - Programming conflicts in use patterns created by the existing daycare program and question mission fit



Assemble Documents

1. Corporate Documents

1. Certificate of Incorporation -1970
2. Constitution and Bylaws
 1. “The Board of Trustees shall have the care and custody of the property of the church as a sacred trust, whether real or personal, in accordance with the provision of the Articles of Incorporation and this Constitution and By-Laws and under direction of the Church Council.”
 1. “The Council shall be composed of the seven (7) Church Officers as designated in article VIII, the Minister(s), two (2) Deacons, two (2) Trustees, and a representative from each of the Standing Committees. One-half of its members shall constitute a quorum and one vote shall be cast per person.”
 2. “The Council may recommend any extraordinary expense if funds are available; but if borrowing exceeds 5% of the annual local expense budget, it must receive the approval of the church/congregation.”
2. “The governing body of this church shall be the membership assembled in a church meeting.”

2. Property Documents

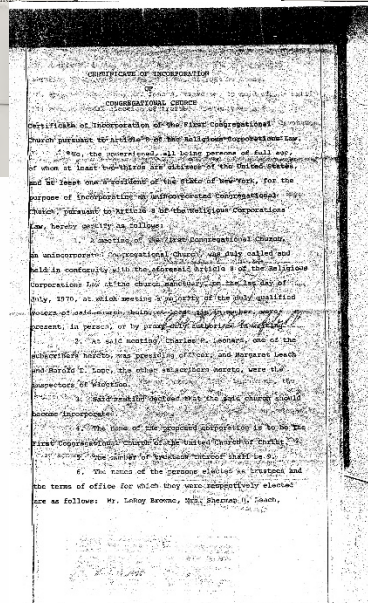
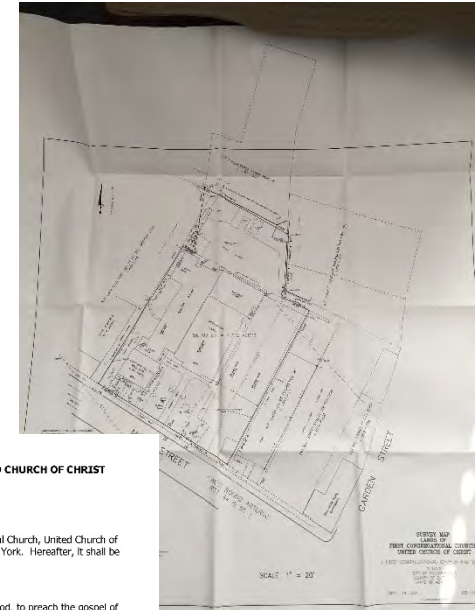
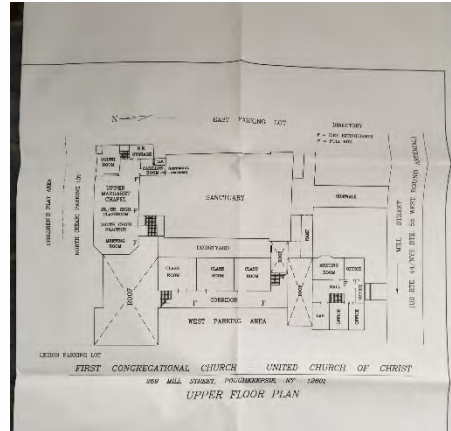
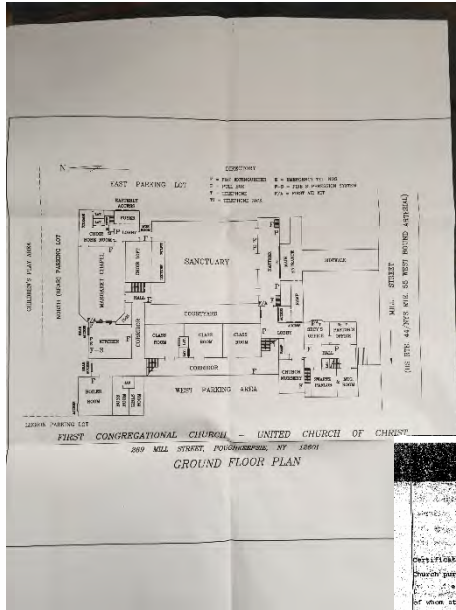
1. Deeds (5 from 1842-1967)
2. Lease with NFP Daycare 1/1/2019 – 12/31/2019
3. Survey

3. Architectural Documents

1. Floor Plans [minimally] Exterior Building Elevations and supporting infrastructure documentation where possible.



Gather Documents



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.



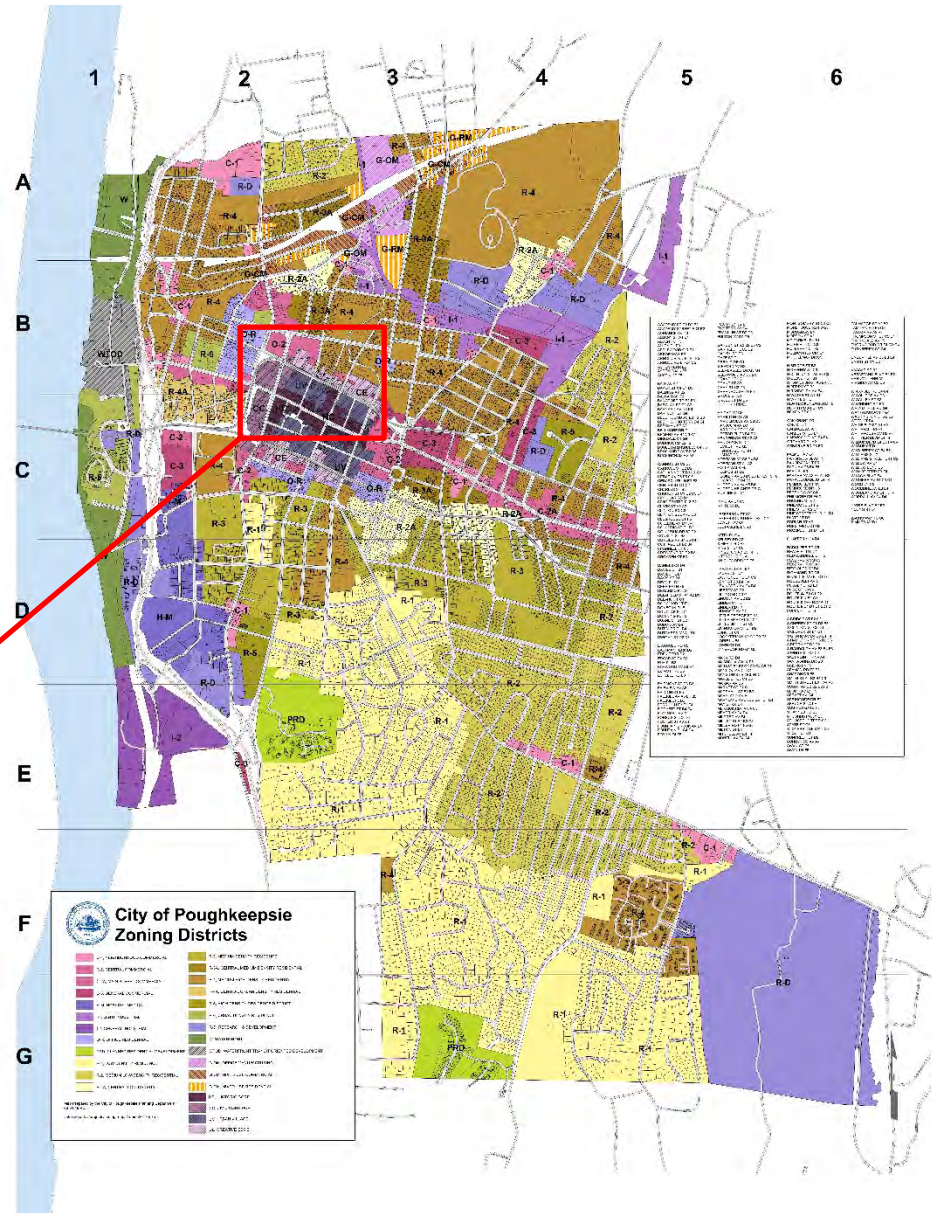
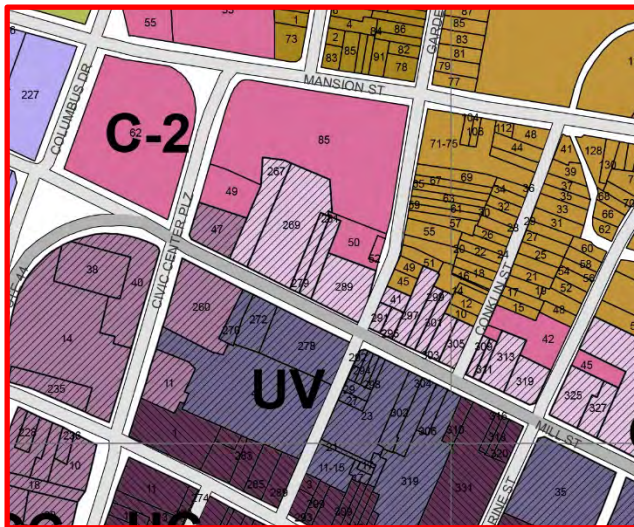
Pull Team Together





Evaluate – Internal & External Need & Value

Zoning Map & Planning Reconnaissance





Zoning and Land Use Regulations

Summary of Bulk Requirements (Part 2)

Zoning District	Minimum Yard and Open Space Requirements										
	Lot Area (square feet)	Lot Width (feet)	Lot Frontage (feet)	Required Yards				Building Height (lesser of)	Lot Coverage	Usable Open Space (square feet)	Floor Area Ratio
				Front (feet)	Side		Rear (feet)				
					Each (feet)	Total (feet)					
O-R (Section 19-3.20) Office-Residential District	Same as R-3 [Section 19-3.14(4)] Townhouses Other uses	18 50	18 30	10 10	Minimum required side and rear yards: same as R-3 [Section 19-3.14(4)]			2½ stories or 35 feet	70%	—	
C-1 (Section 19-3.22) Neighborhood Commercial District	1- and 2-family dwellings and townhouses: same as R-3 [Section 19-3.14(4)] Multifamily dwellings Efficiency or 1-bedroom: 2,200 2-bedroom: 2,800 3-or-more-bedroom unit:		40 40	10 If corner lot, 15	b	b	25	3 stories or 40 feet	80%	200 300 400	
	4,000										
C-2 (Section 19-3.23) Central Commercial District	None	c	c	c	c	c	c		100%		2.0, bonus to 8
C-3 (Section 19-3.24) General Commercial District	None		40	10 ^d	10 ^d	20 ^d	20 ^d		60%		2.0
I-1 (Section 19-3.29) Light Industrial District	None		50	20	10	20	25		60%		1.0
I-2 (Section 19-3.30) General Industrial District	None		50	15 ^e	10 ^e	20 ^e	20 ^e		80%		
R&D (Section 19-3.31) Research and Development District	Residential lot and bulk requirements of R-5 District: 20,000		100	30	30	60	30		40%		

NOTES:

- a. Minimum required side and rear yards shall be the same as the R-3 District [Section 19-3.14(4)], except for multifamily dwellings with three (3) or more dwelling units, which yards shall be computed as follows:

The distance from the structure to property line shall be one half (½) times the height of the structure closest to the property line or fifteen (15) feet, whichever is greater.

The distance between buildings on one (1) site shall be two-thirds (⅔) of the height of the taller building or twenty-five (25) feet, whichever is greater.

- b. Side yard. No side yard is required, except, if provided, it must be at least six (6) feet; if a corner lot, the side yard must be fifteen (15) feet. If the lot adjoins an R-1 through R-4 Residence District, the side yard must be equivalent to the requirement of said residential district, and in no case shall the yard be less than fifteen (15) feet.

- c. Front yard. Where the block frontage is located partly in the C-2 District and partly in an R-1 through R-6 or O-R District, the front yard requirement of the R or O-R District shall apply in the C-2 District.

Side yards. Where the side of a lot in the C-2 District abuts upon the side of a lot in an R or O-R District, there shall be a side yard of not less than the side yard required in the abutting R or O-R District. In all other cases, a side yard for a commercial buildings shall not be required, but, if provided, shall not be less than six (6) feet in width.

Rear yard. Where the C-2 District abuts upon an R or O-R District, there shall be a rear yard of not less than fifteen percent (15%) of the depth of the lot, but such rear yard need not exceed twenty (20) feet. In all other cases, a rear yard is not required, except if one (1) is provided, it shall not be less than eight (8) feet in depth. In the case of a corner lot abutting a nonresidential district on both streets, both interior property lines shall be considered to be side lot lines. (NOTE: This avoids the need for a rear yard on a corner lot in a C-2 District which would disrupt the continuity of frontage.)



Overlay District Zoning Regulations



Table 3.37-2 : Dimensional Standards by Subdistrict

		PID-HC Historic Core	PID-UV Urban Village	PID-CC Civic Corridor	PID-CE Creative Edge
	Lot Area	--	--	--	--
	Main Building Height				
a	Minimum Height	2 Stories	3 Stories	3 stories	2 stories
b	Maximum Height	5 Stories	6 Stories	6 Stories	5 stories
	Max Accessory Building Height				
	Housing	2 Stories			
	Other	1 Story			
c	Minimum Lot Coverage¹	75%	50%	50%	50%
d	Minimum Open Space²	-	15%	15%	15%
	Building Placement³				
e	Front Yard (min/max)	0' / 0'	0' / 6'	0' / 15'	0' / 15'
f	Side Yard, per side (min/max) ⁴	0' / 0'	0' / 10'	0' / -	0' / 15'
g	Rear Yard (min)	0'	8'	8'	15'
h	Frontage Occupancy (min/max)	100% / -	80% / 100%	80% / 100%	70% / 100%
	Parking Setbacks (min)	40'			



Overlay District Parking Regulations

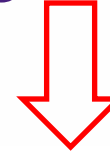
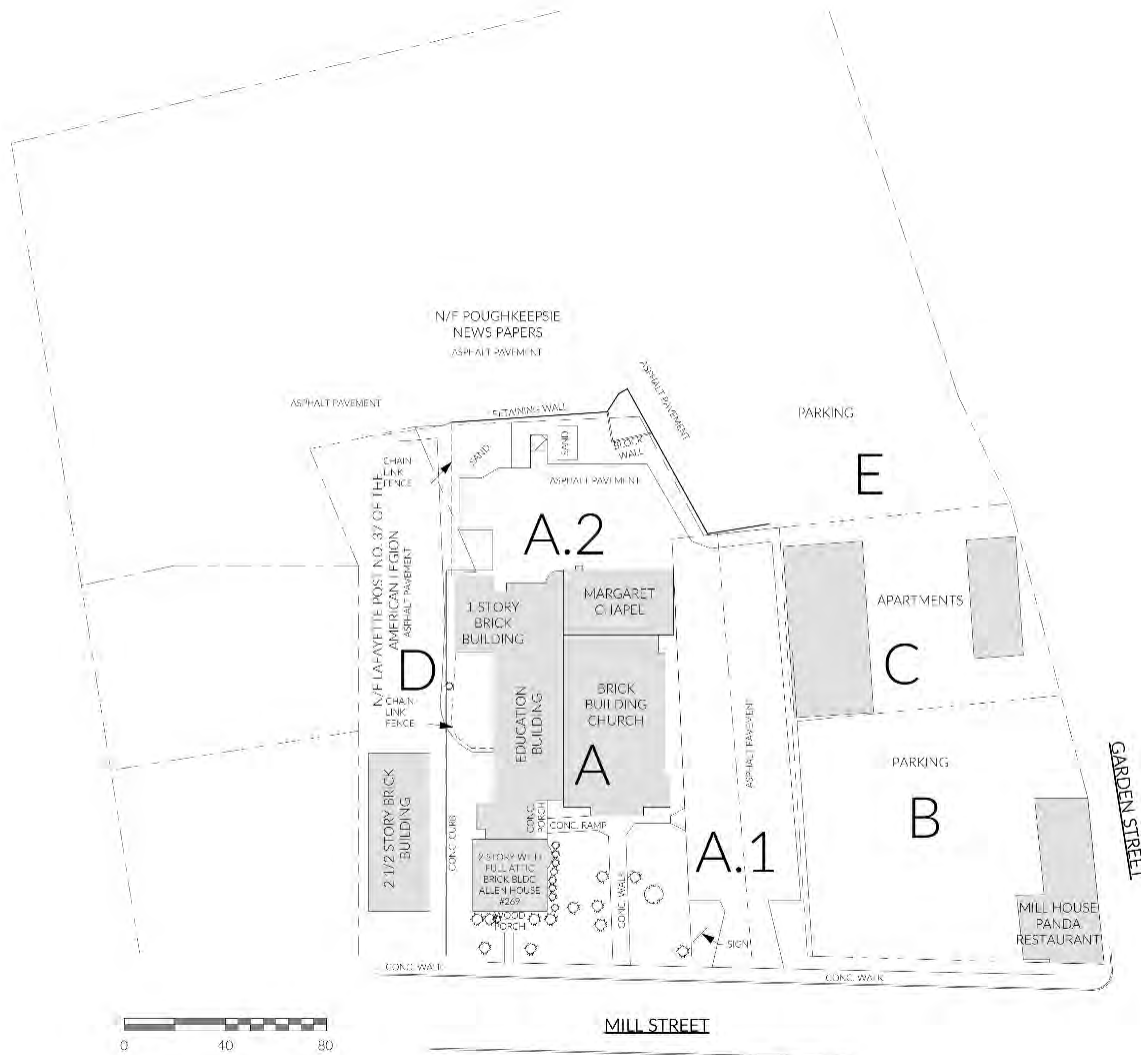


Table 3.37- 4. Off-Street Parking Requirements by Subdistrict

	PID-HC Historic Core	PID-UV Urban Village	PID-CC Civic Corridor	PID-CE Creative Edge
Multifamily Residential Dwelling	0	.5 space per unit +1 visitor space per 10 units	.5 space per unit +1 visitor space per 10 units	.5 space per unit +1 visitor space per 10 units
Student Housing And Student Residence	--	1 per br with potential to waive if within 1,320' of public parking facility	1 per br with potential to waive if within 1,320' of public parking facility	--
2-Family & Townhouse Residential	--	--	--	1.0 space per dwelling unit
General Retail	0	0	1 space per 500 SF of GFA	1 space per 500 SF of GFA
Personal Service Business	0	0	1 space per 350 SF of GFA	1 space per 350 SF of GFA
Restaurant, Café, or Bar	0	1 space per 250 SF of GFA	1 space per 250 SF of GFA	1 space per 250 SF of GFA
Office and Non-retail Commercial	0	0	1 space per 400 SF of GFA	1 space per 400 SF of GFA
Other uses	As determined to be appropriate by the Planning Board during site plan review			

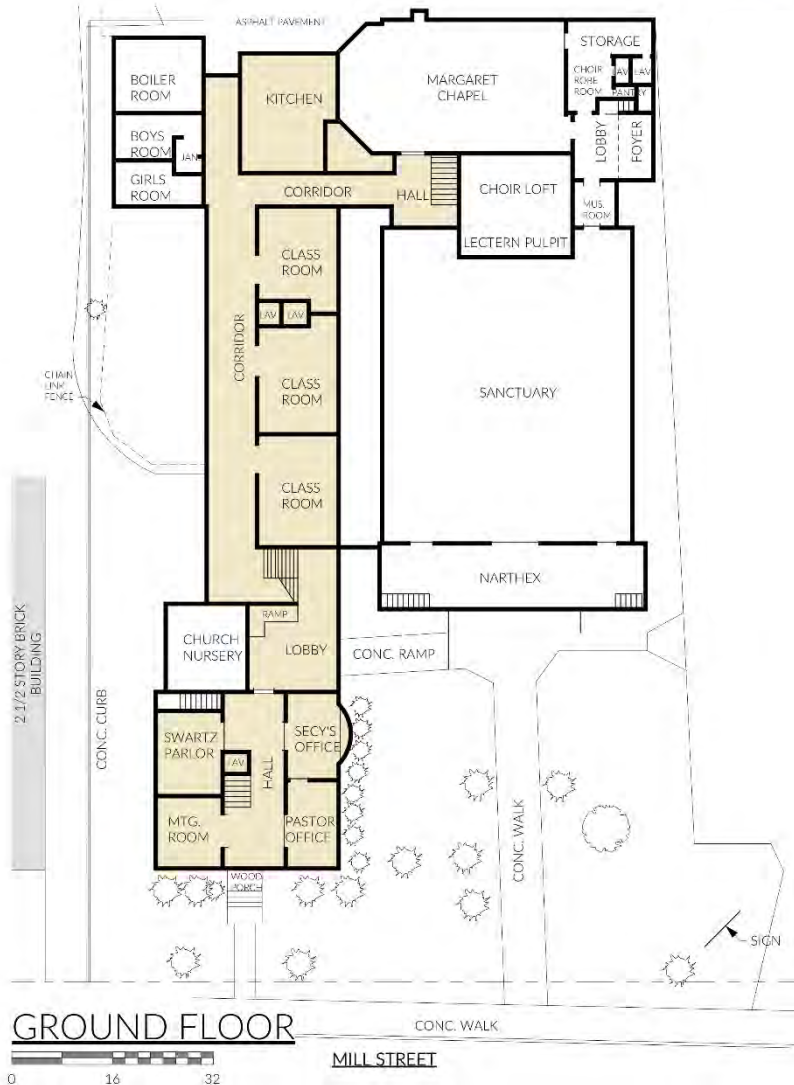
Existing Site Plan & Context Diagram



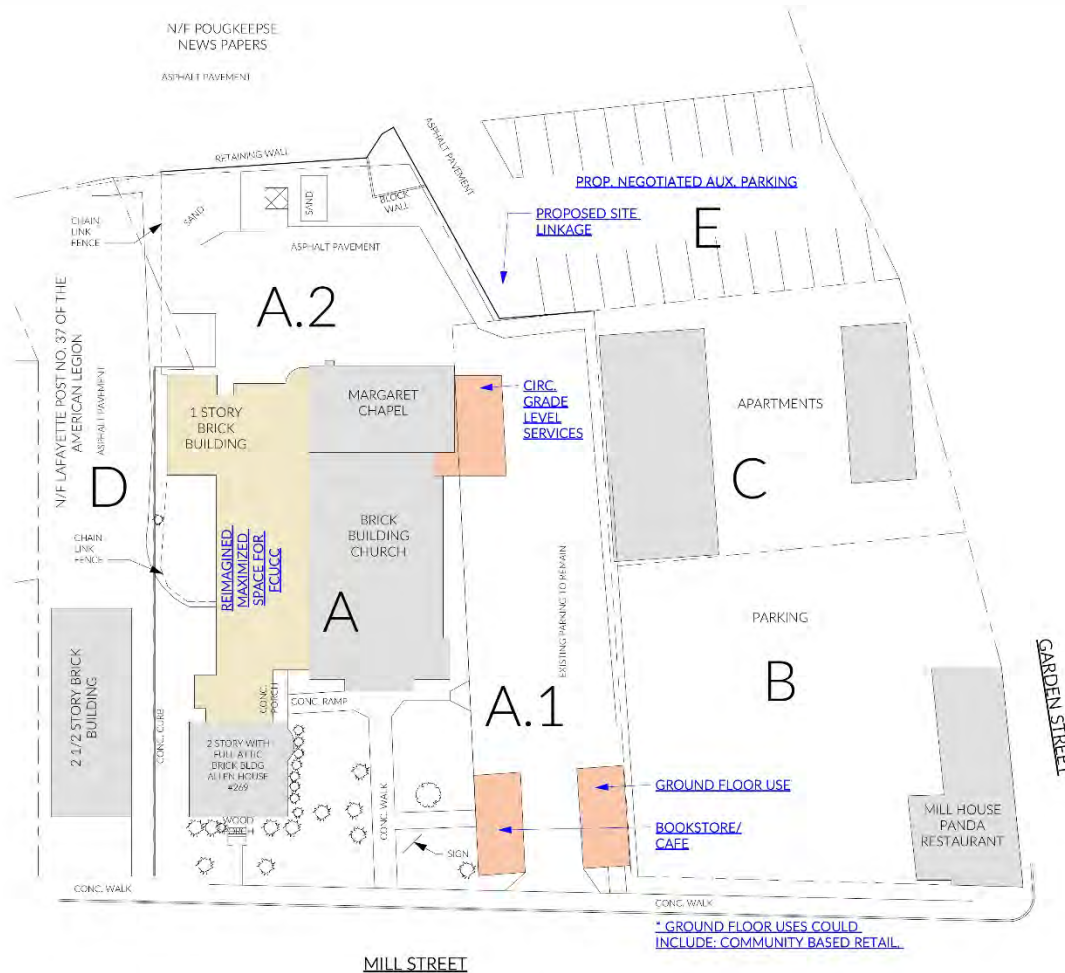
STUDY IMPLEMENTED BY
NEXUS
creative



Existing Facility Floor Plans



Ground Floor Concept – Option 1



GROUND FLOOR



First Floor Program:

- Bookstore/Café – income producing for parish
- Ground Floor Use
 - Community Space

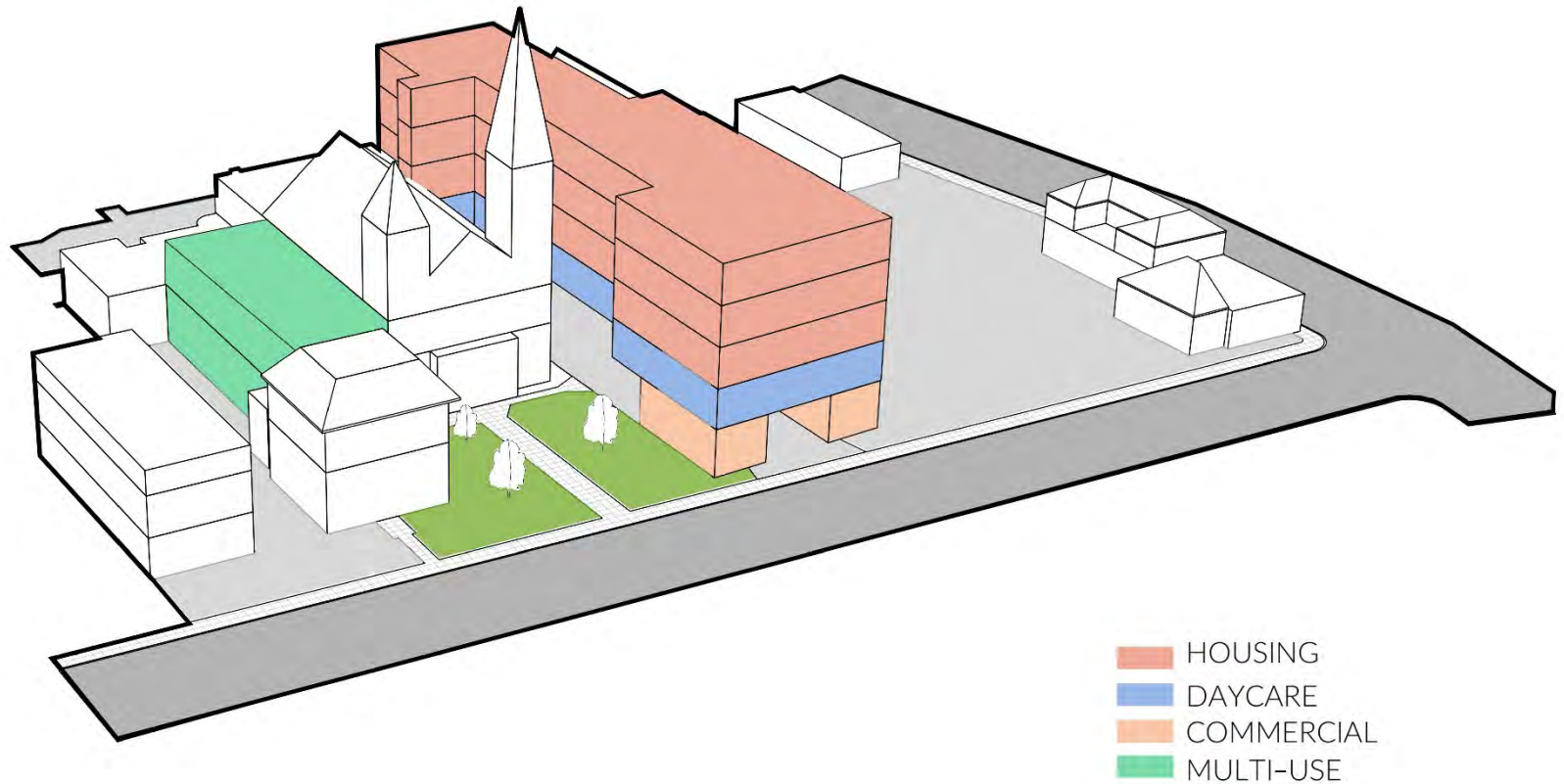


Upper Floors Concept – Option 1

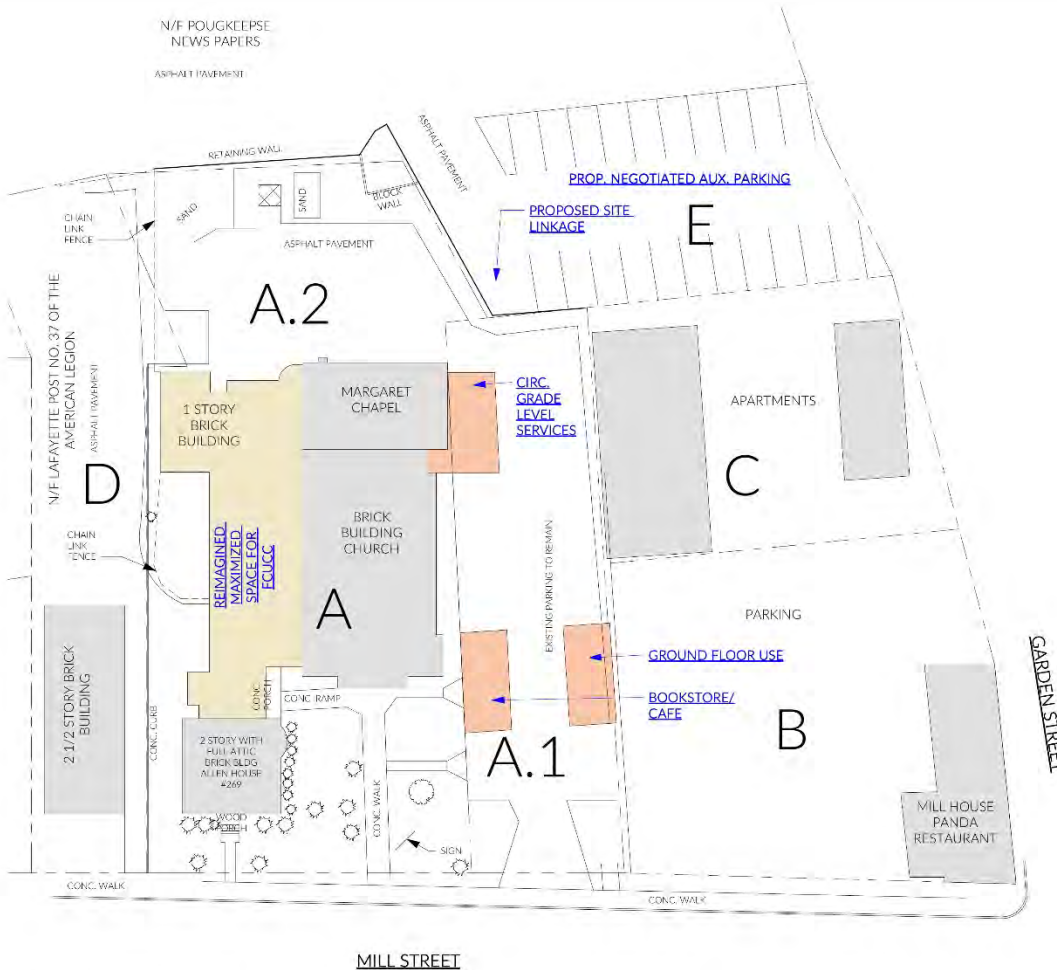


* RESIDENTIAL REPRESENTS A RANGE OF HOUSING TYPES FROM AFFORDABLE TO SHELTERING SCENARIOS.

Conceptual 3d – option 1



Ground Floor Concept – Option 2



GROUND FLOOR



First Floor Program:

- Bookstore/Café – income producing for parish
- Ground Floor Use
 - Community Space

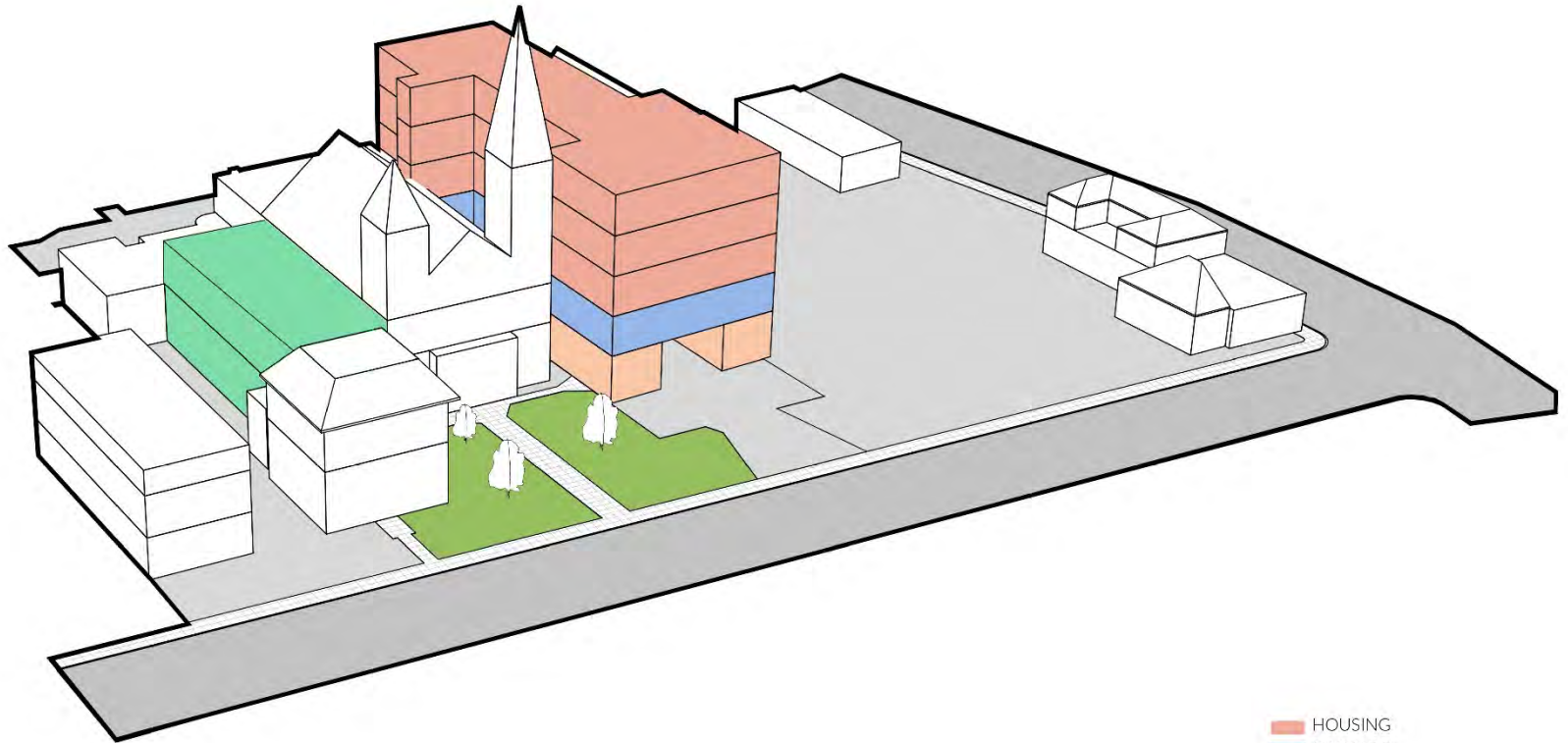


Upper Floors Concept – Option 2





Conceptual 3d – option 2



HOUSING
DAYCARE
COMMERCIAL
MULTI. USE

STUDY IMPLEMENTED BY
NEXUS
creative

Reimagined Church Ground Floor



4,330 SF DESIGNATED REIMAGINED SPACE FOR FCUCC SUCH AS:

MINISTRY CENTER

ALLIED ORGANIZATION PARTNERS

NEIGHBORHOOD MISSION SUPPORT

- SENIOR PROGRAMMING
- DISPLACED INDIV. SUPPORT
- RE-ENTRY PROGRAMS
- LGBTQ & OTHER COMMUNITY ORGANIZATION GATHERING
- FRESH FOOD BANK
- CLOTHING BANK
- OTHERS

SOCIAL ENTREPRENEURIAL OPP.

HEALTH & WELLNESS USES

MUSIC EDUCATION

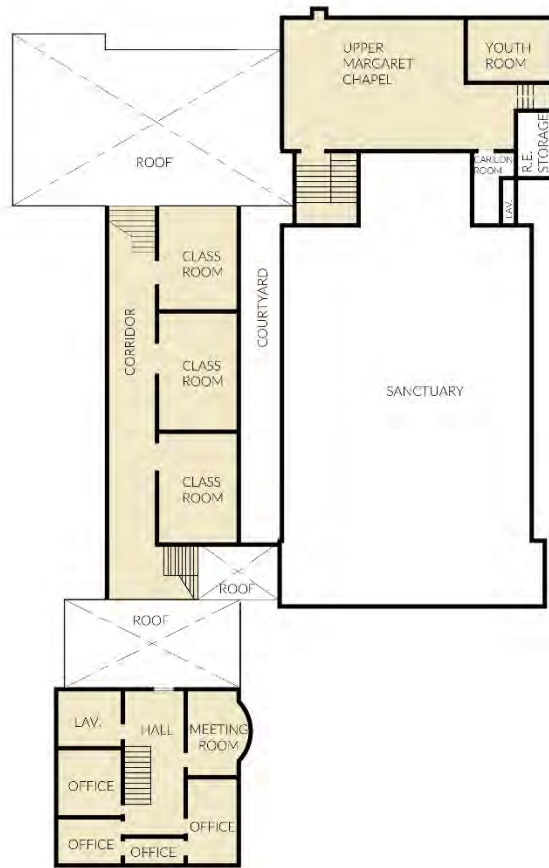
"SOIL TO SOULS"

EXISTING SANCTUARY:

Remove pews from sanctuary to create flexible space



Reimagined Church Upper Floor



4,330 SF DESIGNATED REIMAGINED SPACE FOR FCUCC SUCH AS:

MINISTRY CENTER

ALLIED ORGANIZATION PARTNERS

NEIGHBORHOOD MISSION SUPPORT

- SENIOR PROGRAMMING
- DISPLACED INDIV. SUPPORT
- RE-ENTRY PROGRAMS
- LGBTQ & OTHER COMMUNITY ORGANIZATION GATHERING
- FRESH FOOD BANK
- CLOTHING BANK
- OTHERS

SOCIAL ENTREPRENEURIAL OPP.

HEALTH & WELLNESS USES

MUSIC EDUCATION

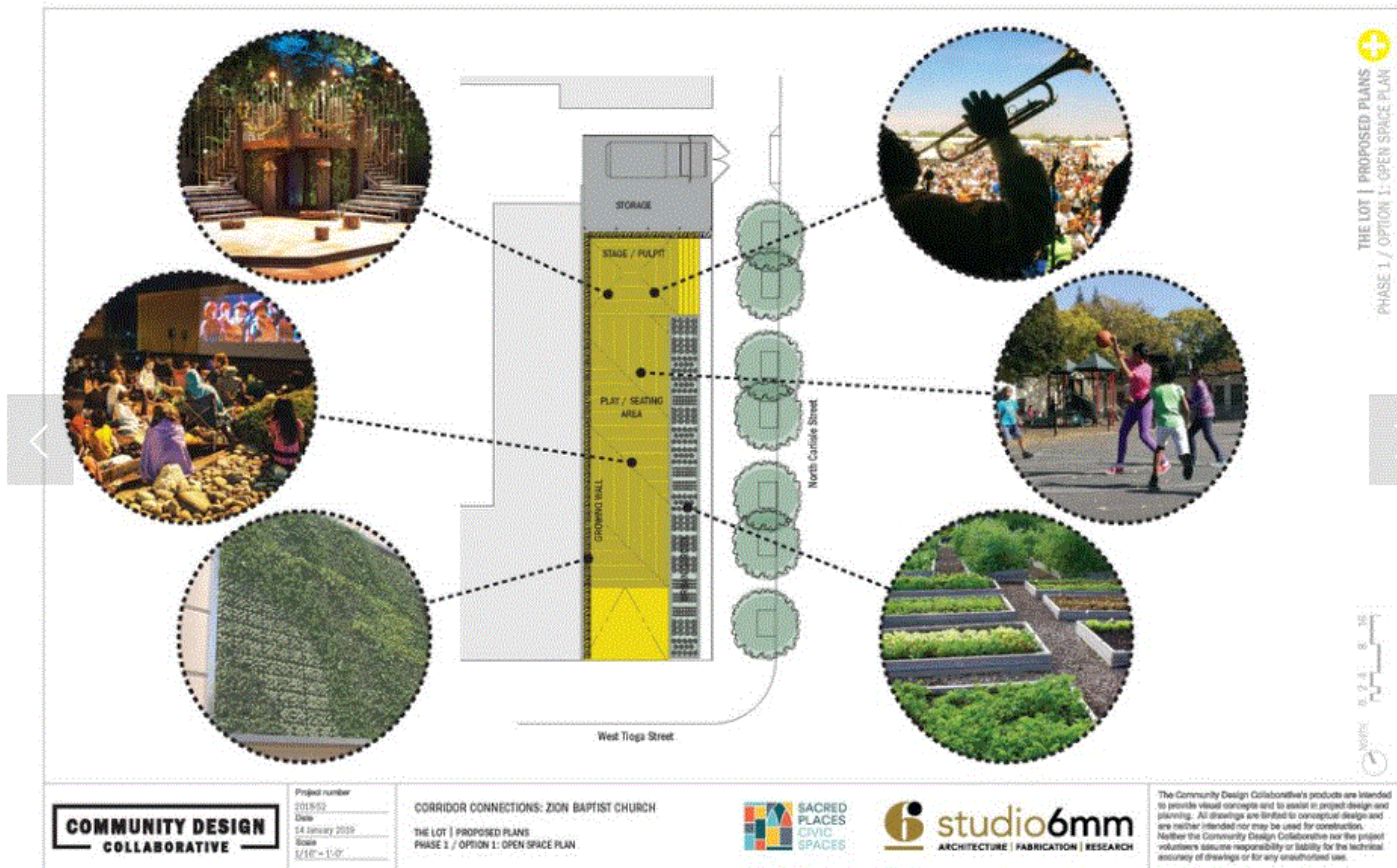
"SOIL TO SOULS"

SECOND FLOOR

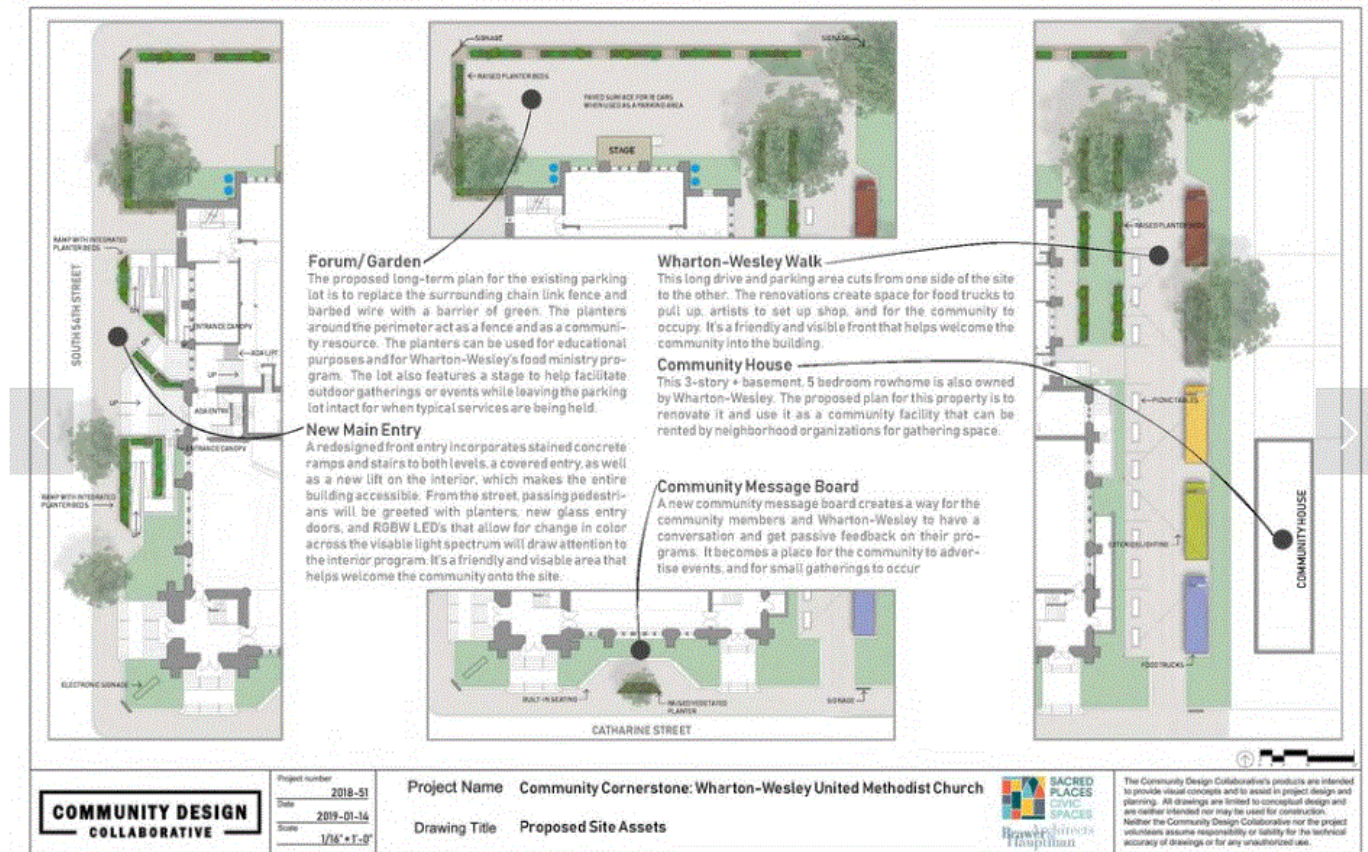


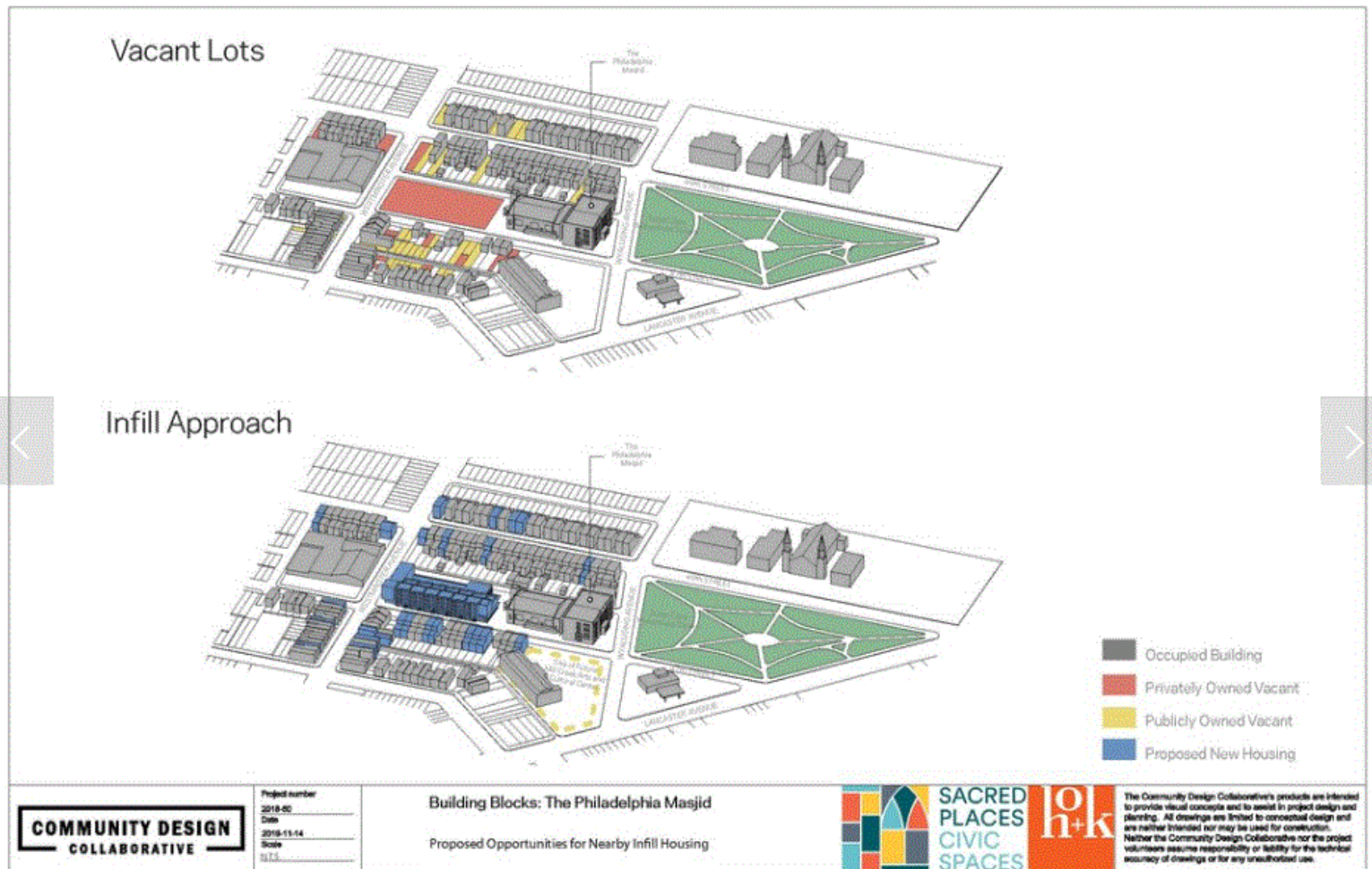
STUDY IMPLEMENTED BY
NEXUS
creative

Explore the Design:



Explore the Design:







Remaining Steps

1) Evaluate

- Internal and external need and value (continued)
- internal and external support / opportunities

2) Solicit and choose a product, plan and partner

3) Approve

- Internal
- External

4) Implement



Next Steps and Q and A



WHAT TO DO AFTER THIS MEETING

- 1) Meet with your leadership to
 - a) Set a plan and timeline
 - b) Assign responsible and decision making parties to set GOALS
 - c) Gather your corporate and ownership documents
 - d) Review your financial needs
 - e) Review your religious and programmatic needs/goals
 - f) Review what you are willing to compromise and what you are not
- 2) Meet with an Attorney and Architect to review what you own and possibilities
- 3) Don't sign anything until you've done 1 and 2



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.



Jaclyn Tyler

Principal, Nexus Creative

Jaclyn Tyler established Nexus Creative recently with her colleagues after successfully running and maintaining Tyler Architecture & Planning, PLLC, a registered MWBE in NYS and Westchester County. Jaclyn has extensive knowledge and experience in multiple project types including Retail, Multi-Family, Churches and numerous other project type experience. A majority of her current work is contracted with the Archdiocese of New York renovating existing spaces owned and operated by multiple parishes throughout Westchester County, Dutchess County and the Bronx.

Jaclyn has served on the Board of Director's for the past eight years of the AIA Westchester + Hudson Valley chapter, including serving as 2019 Chapter President and currently serves on the Board of Director's for AIA New York State. She is a committee member of Take Control of Your Future, a Westchester based organization, which specializes in assisting the elderly with aging in place or senior housing. Jaclyn has a passion for incorporating affordable housing in her projects as a result of struggling to find affordable housing for her family of five in Westchester County as a creative class.



John Fry

Principal, Nexus Creative

John Fry practice embraces a diverse range of project types including Faith Based Institutional, Mixed Use residential and affordable housing projects. Much of his experience is in the area of reimagining existing structures towards new uses including implementing expanded faith based property uses for the Archdiocese of NY, individual parishes and religious orders.

John's Community based design and planning experience captures a wide range of project scales and mixed use programs incorporating a range of residential types including numerous affordable housing projects, broad bandwidth market rate residential and hospitality uses.

As a licensed architect for 34 years John's community and professional commitments include 26 yrs of service on the Village of Ossining's Planning Board, 30 yr AIA member with 20 years of active engagement/leadership positions and service to other community based and professional associations, boards and task forces. John's is a LEED AP certified professional who embraces sustainable design initiatives as core elements to his practice. John is a principal with Nexus Creative Architecture, Planning and Design.



Willy Zambrano

Principal, ZAD Architecture

Willy Zambrano is the Design Principal in Charge of Zambrano Architectural Design, LLC, a small design studio based in Freeport, NY. His design firm practices in multi-disciplinary building types ranging from commercial, health care, multi-family, private institutions and faith-based development. With over 30 years of experience in the private sector and keen to zoning and building laws, he has been able to assist all client types analyze and strategize the full potential benefits any site can offer. Willy is currently working with a wide range of faith-based organizations to not only envision their future space but also to maintain their mission within the community and monetize their long-time investiture. As a leader in the architectural community, his role as an architect has become invaluable to maintaining the church's best interest not only as an owner's rep but also as the designer of the interior spaces which the church will maintain.



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Appendix



GoldsteinHall
ATTORNEYS AT LAW

Client Focused. Results Driven.

FBO and Affordable Housing

**New York Land Opportunity Program
November 10, 2016**



Joint-Venture Development

- What to build and how:
 - Market Rate/Affordable
 - Non-Profit Developer/For-Profit Developer
 - Commercial and/or Community Space
 - (Do you have deed restrictions?)



Why Joint Venture?

- **For the Mission-Driven Organization:**
There may be:
 - Inadequate experience
 - Inadequate capital
 - Lack of staff
- Developer entity may facilitate:
 - Access to financing
 - Financial strength / ability to provide guaranties
 - Increase production and results
 - Skill building



Overview of Critical Joint Venture Issues



Management Issues

- Roles and responsibilities – decision making
- Term of agreement
- Financial and design specifics of project
- Selection of professionals
 - (HPD Pre-Qualified List (PQL) of Owner's Representatives)
 - LISC NYC's technical assistance program
- Development Agreement(s)
- Confidentiality, competition and liability
- Dispute resolution
- Exit strategies



Financial Issues

- Pre-development financing
- Capital contributions and percentage of interest
- Developer's fees split
- Cash flow split
- Guarantees



Operational Issues

- Property/Asset Management
- Marketing, tenant selection and tax credit compliance
- Tenant services, if applicable
- Leasing of commercial space or community space, if applicable
- Condominium Structure/Master Lease



Year 15 Exit

- Not-for-profit right of first refusal
- Extended Use requirements after the Compliance Period



Lender Guarantees

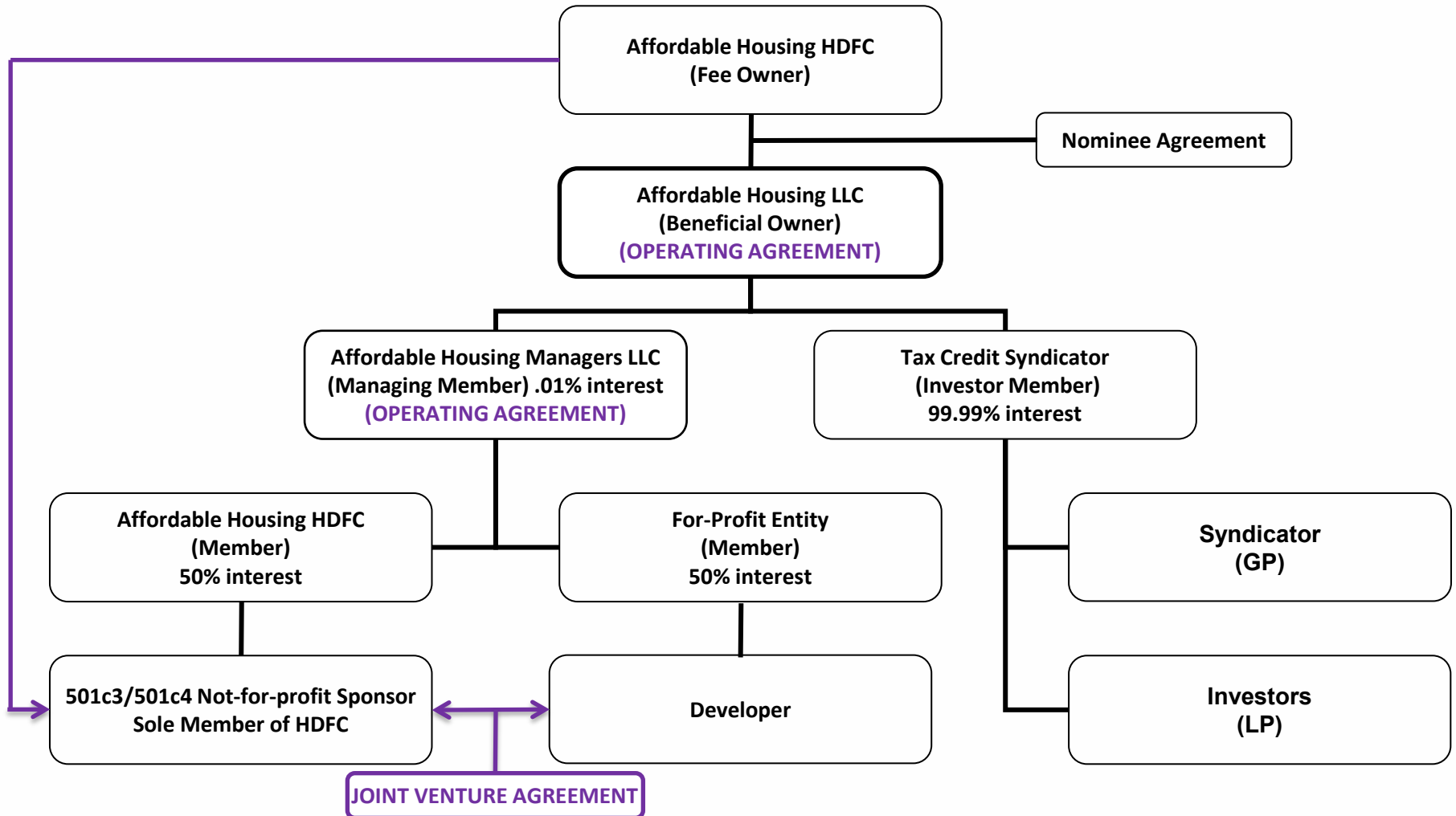
- Completion Guaranty
- Payment and Non-Recourse and Carve-Out Guaranty
- Hazardous Material Guaranty and Indemnification Agreement



Tax Credit Syndicator Guarantees

- Completion Guaranty
- Operating Deficit Guaranty
- Tax Credit Compliance Guaranty

Sample Nominee Structure



Key Take-Aways for Religious Institutions

- 1. Complete preliminary due diligence to know what you are working** – what is the zoning? Are their deed restrictions on the property? Is the property landmarked or in a historic district? What is the value of the property?
- 2. Set expectations with Religious Institution leadership and congregants** – affordable housing with public subsidy must go through the housing lottery and cannot be set aside for clergy/ parishioners. Public financing can be used for community space but must be primarily for secular use (i.e. – daycare, soup kitchen.)
- 3. Assess your Religious Institution's needs v. wants before approaching a developer** – Review Religious Institution's mission, programs and finances. Determine what is "mission-critical" for your Religious Institution v. areas where you can be flexible in a negotiation.
- 4. Designate a point person who is well-respected and empowered to be the Religious Institution's point person** to keep the ball rolling and maintain open lines of communication. Make sure this person is properly authorized according to Religious Institution bylaws.

Key Take-Aways for Religious Institution

- 5. Review corporate documents and ensure that leadership is clear on decision-making process as it pertains to real estate** – make sure all relevant parties are looped in along the way, in particular if the Religious Institution is part of a larger denomination (e.g. Episcopal or Methodist).
- 6. Secure an experienced architect to complete a preliminary zoning analysis and project test-fit** to understand what you could potentially develop that would maximize both the number of units and community space. Don't overpay upfront. Many architects will be willing to provide preliminary analysis for free or low cost upfront in hopes of being involved in the project.
- 7. Secure an experienced attorney** to determine if affordable housing is the right fit for your land, explore options for partnering with a developer, and most importantly, represent the Religious Institution in negotiations with a developer. Again, don't overpay upfront.

Key Take-Aways for Religious Institution

- 8. Solicit proposals from multiple developers so that you have options to consider.** Do NOT sign an agreement when the first developer knocks on your door. Consider HPD's pre-qualified owner's representative list. Also speak with your attorney and architect for references.
- 9. Develop a thorough process for vetting proposals from developers.** Develop selection criteria, establish a review committee, meet with top-choice developers, and check references to better understand developers' mission and track record. Consider the trade-off between partnering with a nonprofit v. a for profit developer. Secure approval from all appropriate bodies within the Religious Institution.
- 10. Communicate, communicate, then communicate some more.** This is a major decision for the Religious Institution so make sure to keep Religious Institution leadership AND the congregation informed of the mission, goals and steps toward pursuing affordable housing development. Also keep your local elected officials (including City Councilmember and Borough President) apprised.



Development Legal Structures

1. Ground Lease
2. Lot Split
3. Condominium
4. Air Rights Transfer



Ground Lease

A **ground lease** is an agreement in which a tenant is permitted to develop a piece of property during the lease period, after which the land and all improvements are turned over to the property owner.



Ground Lease

DEVELOPER

Dev.
Rights

\$\$

RELIGIOUS INSTITUTION OWNED LOT

LAND
OWNER

Ground Lease



- Typically ~99 years (no less than 60)
- Some leases provide for annual/monthly payments
 - Affordable Development
 - May not support monthly/annual payments
 - More typical to receive up front payment
- Some Developers don't like
- Trickier to finance
- More legal work
- **Need a Ground Lease Appraisal**



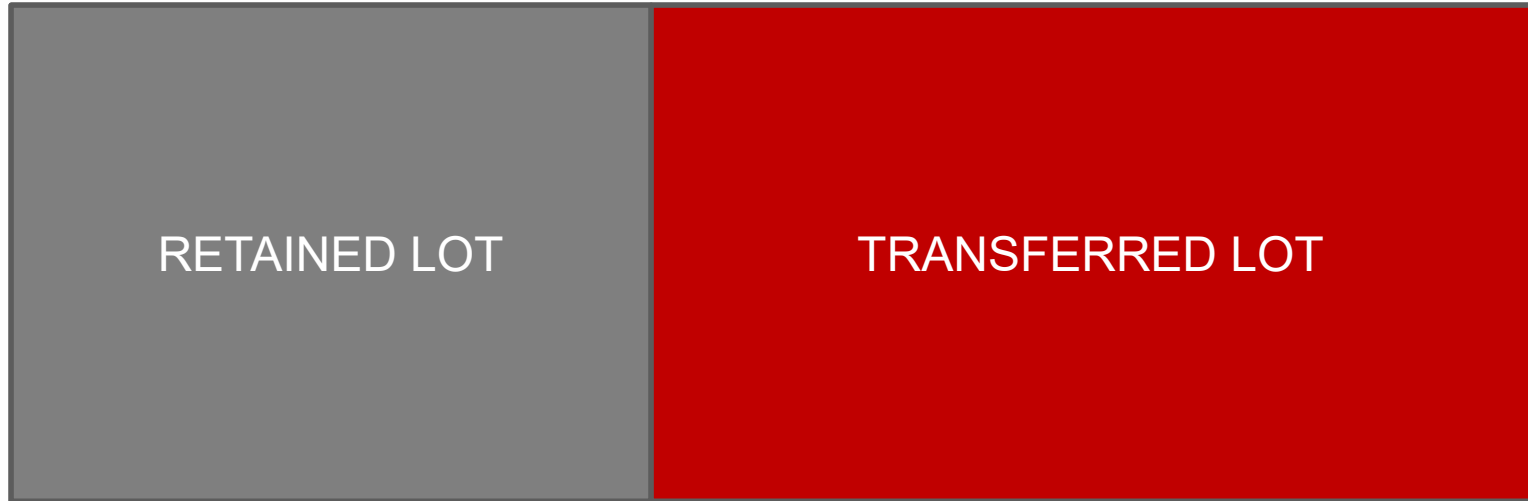
Pro	Con
Religious Institution retains ownership of underlying land all the time	Limits developers
Building reverts to Religious Institution upon end of the term	Responsibility for tenants and structure upon termination
Possibility for regular payments	Affordable housing income stream won't always support regular payments
	More complicated for funding (more legal work)



A **lot split** is the legal division of any **lot** into two or more **lots**, for the purpose of sale, lease or financing, now or in the future.



YOUR LOT AFTER THE LOT SPLIT





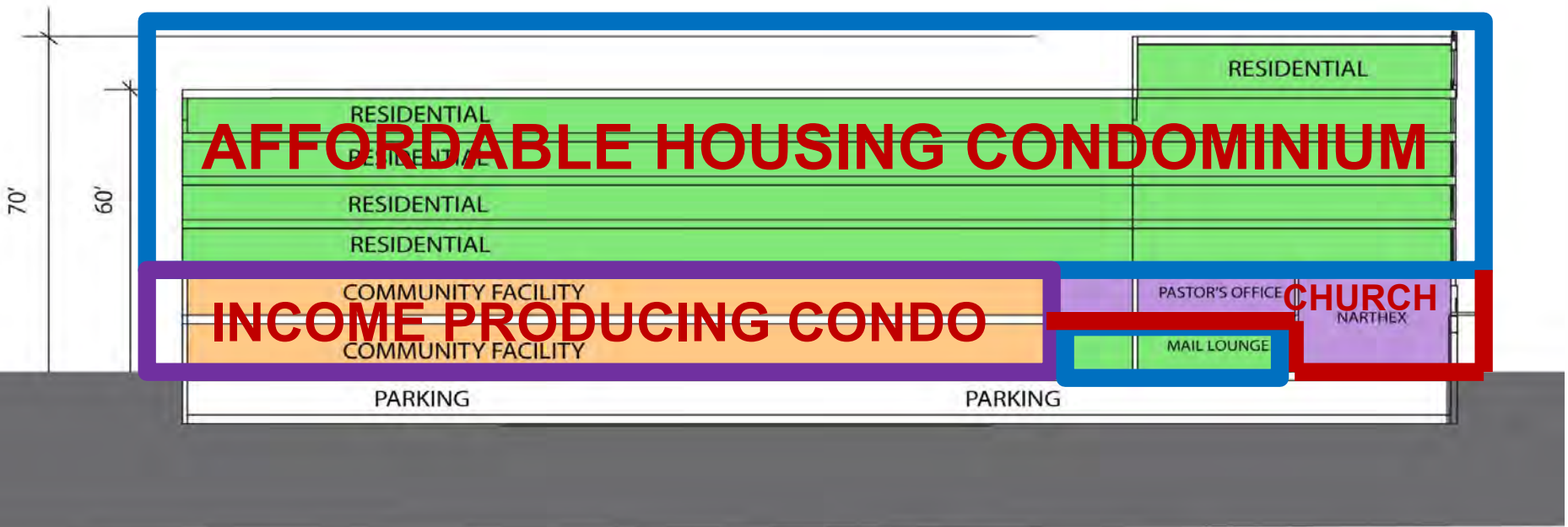
Pro	Con
Religious Institution retains ownership of lot all the time	Limits developers
No intermingling of systems, governance or payments	Compliance with zoning law
Clear and distinct Religious Institution	May limit development <ul style="list-style-type: none">• will likely permit smaller development• will likely result in less consideration
Allows for staged development	Time consuming – a lot of legal work



A **condominium** is a building or complex, owned by a condominium association, containing a number of individually owned units.



- RESIDENTIAL
- COMMUNITY
- FELLOWSHIP



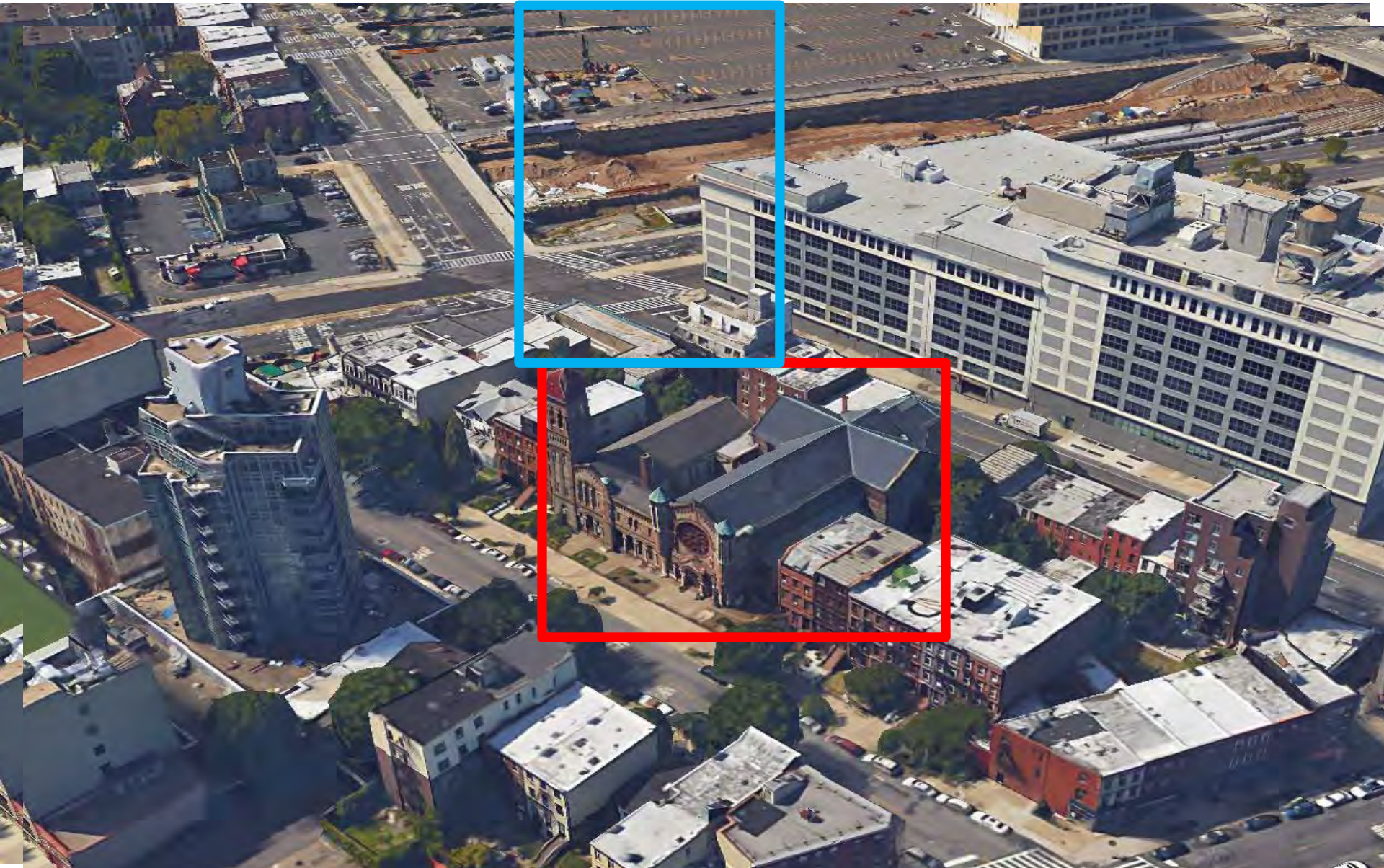
R6 OPTION 1 - SECTION



Pro	Con
Religious Institution retains ownership of condo	Religious Institution may not have an ownership interest during construction
Maximizes zoning potential	Intermingling of systems, governance and payments
Clear and distinct Religious Institution property	Not as distinct as separate a building
	maintenance Fees

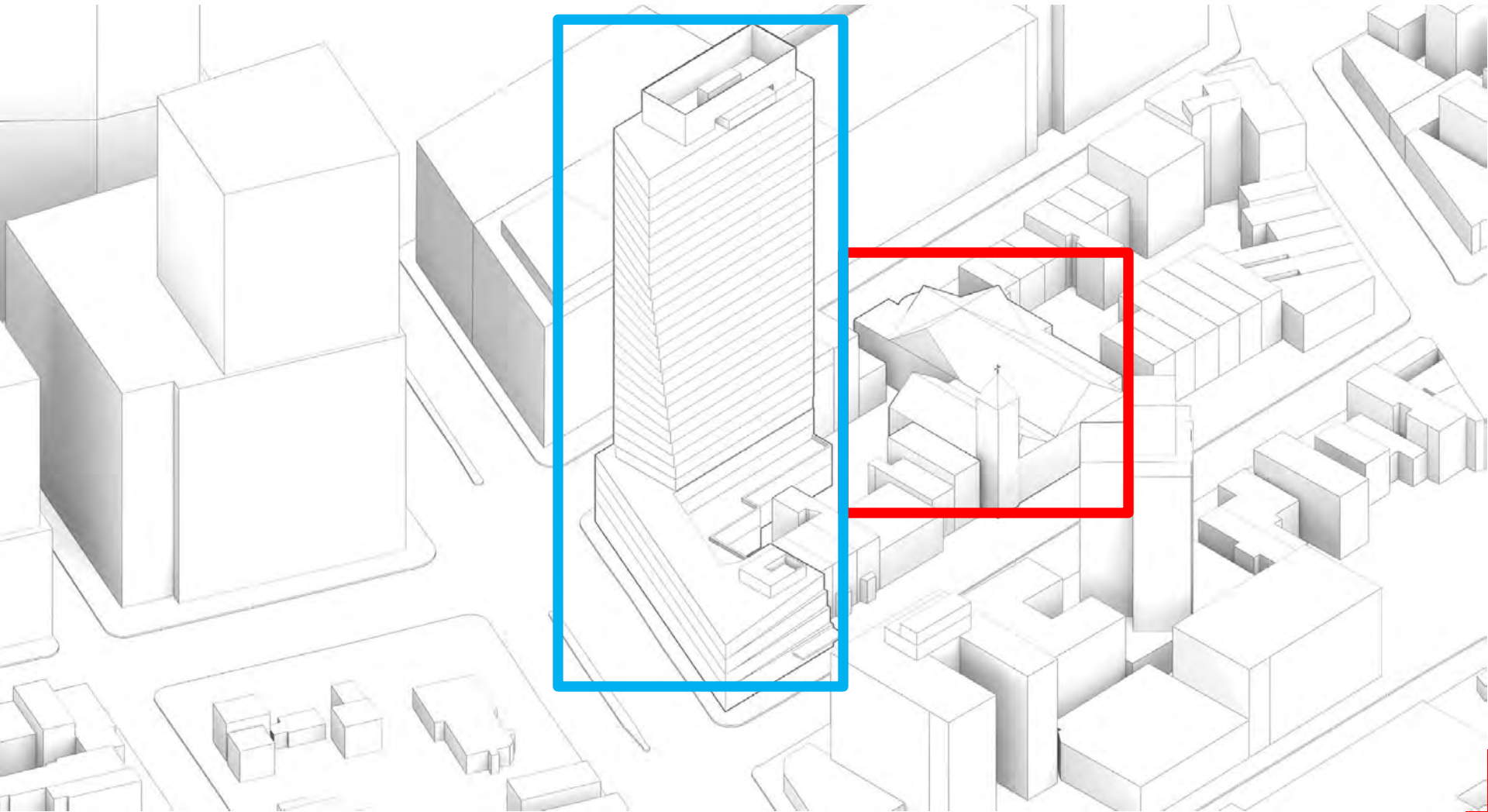


Air Rights (*Purchase*)





Air Rights (*Purchase*)





Condominium

Pro	Con
Religious Institution retains ownership of its lot and building	Any new structure will have to fit into the current silhouette of the building
Religious Institution will not notice a difference on its lot	The development receiving the air rights may block Religious Institution light and air and may not be welcomed by the community
Air rights can have substantial value	Air rights are typically trade for 50%-75% of land value and can only be transferred to immediately adjacent lots



NEW DEVELOPMENT Legal Structures Applied

- TLK
- St. Stephens and St. Martins

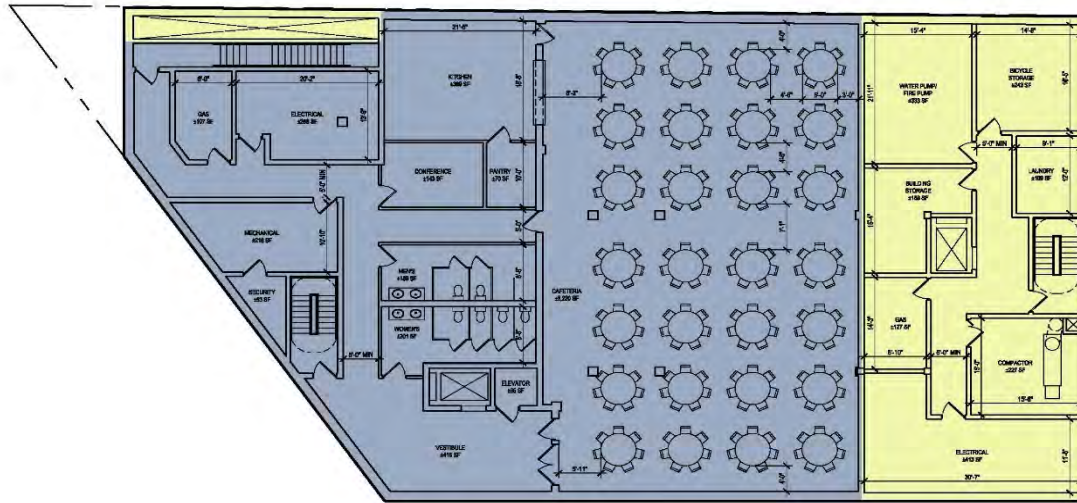






- 1) Total Square Footage – 93,972 (83 residential units, 1 Residential Institute unit)
 - i. Residential Square Footage – 79,461 (~85%)
 - ii. Church Square Footage – 14,511 (~15%)

- 2) Total Consideration \$2,900,000 (Appraised Value)
 - i. \$2,200,000 placed in escrow to be used as a source to build the church
 - ii. \$200,000 note
 - iii. \$400,000 in cash
 - iv. \$100,000 allowance for delinquent taxes



CELLAR FLOOR

GROSS FLOOR AREA:
±9,387 SF

RESIDENTIAL:
±2,609 SF

CHURCH:
±6,778 SF

917 WESTCHESTER AVE, BRONX, NY

HERITAGE ARCHITECTURE
352 EVELYN ST STE 2, PARAMUS, NJ / 201.262.3800

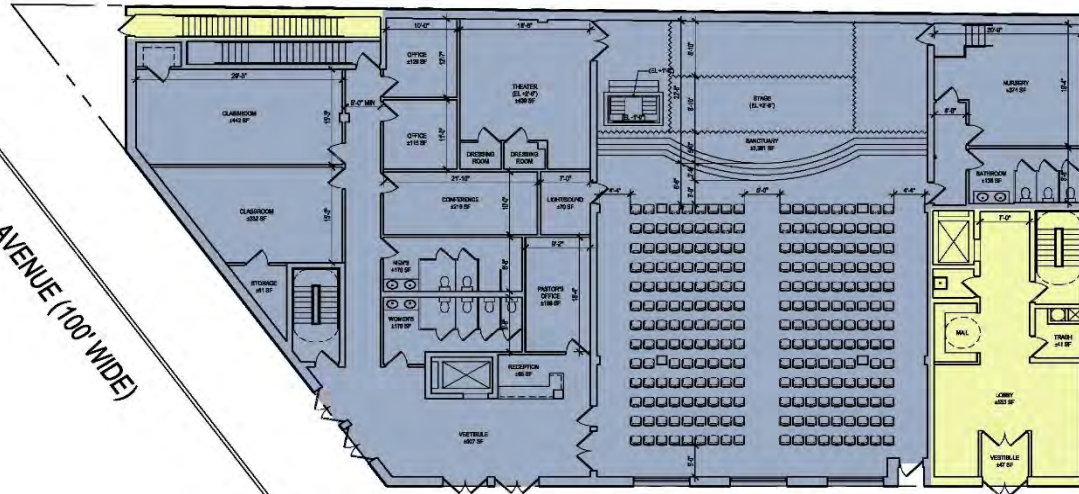
THIS CONCEPTUAL DRAWING IS FOR PLANNING PURPOSES ONLY. SITE SPECIFIC INFORMATION SUCH AS EXISTING CONDITIONS, ZONING, PARKING AND LANDSCAPE REQUIREMENTS MUST BE VERIFIED.

BRISABUILDERS Brisa Builders Corporation
Brisa Builders Development Group LLC
Integrated Development Solutions

2014.12.23



WESTCHESTER AVENUE (100' WIDE)



ROGERS PLACE (60' WIDE)

GROUND FLOOR
GROSS FLOOR AREA:
±9,385 SF

RESIDENTIAL:
±1,195 SF

CHURCH:
±8,190 SF



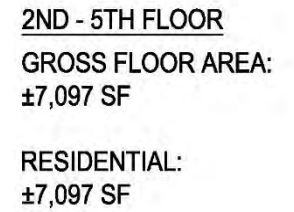
917 WESTCHESTER AVE, BRONX, NY

HERITAGE ARCHITECTURE
 352 EVELYN ST STE 2, PARAMUS, NJ / 201.282.3800

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BRISABUILDERS Brisa Builders Corporation
 Brisa Builders Development Group LLC
 Integrated Development Solutions

2014.12.23



6/30/2020



St. Stephen & St. Martin's
Episcopal Church

NO
PARKING
SATURDAY

N
PAR
SATU



St. Stephens and St. Martins

- 1) Total Square Footage – 39,389 (37 residential unit building, 1 church building)
 - i. Residential Square Footage – 30,122 (~76%)
 - ii. Church Square Footage – 9,267 (~24%)

- 2) Total Consideration \$1,600,000 (Appraised Value)
 - i. Contract of sale for a completed Church-valued at \$1,600,000